

JPRS-EER-91-128  
27 AUGUST 1991



# ***JPRS Report***

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## **East Europe**

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# East Europe

JPRS-EER-91-128

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27 August 1991

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### Friction Between Local, National BSP Bodies

91BA0981A Sofia DUMA in Bulgarian 30 Jul 91 p 4

[Article by Vasil Kalinov, chairman of the Municipal Council of the Silistra BSP, Bulgarian Socialist Party: "Lilov" or "Draganov" Strategy"]

[Text] These two items hardly identify the entire spectrum known as the BSP [Bulgarian Socialist Party]. It is rather a question of an entirely natural and legitimate process that calls for a new, profound internal party debate.

The BSP is in a state of motion and revival. The reasons for this are not exclusively internal. They are objective and could be classified as follows:

- The dynamically changing global and European reality is crowded with fateful events that inevitably have a powerful impact on the behavior and feelings of the Bulgarian people. A new range of values is being defined, to be perceived and acted upon by the subjects and objects of politics in the country.
- Domestic political life is complex and unpredictable. Actually, Bulgarian political life has no center. There is a BSP and an anti-BSP. What is not the SDS [Union of Democratic Forces] is anti-SDS. The SDS has internal differences on the way of executing the sentence passed on the BSP, but not in accordance with the formula of "BSP outside the law." The BZNS [Bulgarian National Agrarian Union] is in a position that is more an expression of a wish than a capability. Particularly strange is its "down with the BSP" formula.
- Economic problems and the impoverishment of the Bulgarian people and Bulgaria exist. It will be very difficult to convince anyone that this is exclusively the sin of the BSP. Let us not mention the grotesque nature of the "45 years are enough" and "this is our time" slogans raised against the background of reality, and the slogan "success for Bulgaria."
- A process is being completed within the BSP of developing a new organizational structure. The membership, its membership aktiv, and the vertical and horizontal relations within it are taking shape. The new electoral boundaries of the party are also taking shape within the new dynamic restructuring of the society.

That is what determines the new qualitative condition and the new ideological horizon. What is taking place within the BSP and with the BSP?

Between 70 percent and 80 percent of the party clubs and primary organizations have been restored. Between 50 percent and 60 percent of the socialists, excluding those who are depoliticized, have reenlisted. In my opinion, many of those who did not reenlist remain firm supporters of the party.

The municipal BSP councils significantly improved their organizational life and have undertaken to deal with problems in a more responsible and more exigent manner. Their aspiration to behave and act independently is clear.

The political duel fought with the "anti-BSP" taught us a great deal. Although we consider the passing of the Law on Provisional Managements to be a grave error, to us it was a good lesson because it placed us in a very difficult position. The BSP learned how to display flexibility and how to better plan and allocate its forces.

In front of us stands a political opponent and behind us is the dissatisfied membership that criticizes, insists, and argues. On the other hand, we have the BSP Supreme Council, with its strange profound "conclusions" and "deductions," which looks more like an oldster discharged from a hospital in better health but no one knows for how long. It is a good thing that the Supreme Council is not the only representative of the party.

Our party is ready to convert to a new quality status. Reality will tell whether it is better or worse, but the accretions are clear. Legitimately, the question arises of where and how to accomplish this qualitative transition: by holding an all-party conference or a congress?

Today, some authors of "radical ideas" look like travelers who are in a hurry to get into an uncoupled train and explain their behavior to their like-minded brothers. In the train that is rolling, on the other hand, we find Lilov, who reads in DUMA the resolutions of the all-party conference. I dare say this because I would like to emphasize how important it is today to think of how to make use of the conference in order to ascribe a proper meaning to the life and views of the BSP.

Of late, a high percentage of the leaders and the new names in the party share instructive views on various matters. The desire to be original seems to me to be greater than the desire to be constructive.

I am impressed by the militant position taken at some party forums and their behavior on television and in parliament. Their "narcissism" has increased greatly. It already looks like a basic formula for the chairman of the municipal council to be a member of the *nomenklatura*, ready to cast aspersions on any bright initiative and action, and the wish that such a person be isolated and that his name be entered on the list of anti-BSP forces. I recall the euphoria with which the names of the chairmen of municipal councils or full-time political workers were being deleted from the list of the high council of the BSP at the last congress. Perhaps the respective members of the Supreme Council and its large presidency know that the machinery of the municipal council of the BSP works under the direct control of, and together with, the party aktiv and a significant part of our electorate in the respective organizations, unlike the Supreme Council and its apparat!

It would be interesting to discover the source of the great energy and courage displayed by the Supreme Council and the Presidency when they speak on behalf of various party segments. Does this energy come from the meetings and encounters organized in advance in the localities? Are you not impressed by the fact that the municipal councils are quite distant from the Supreme Council, which, in turn, is quite distant, even more distant, from the municipal councils and the primary organizations? What we need is not another vertical structure but a live tie, the possibility of dialogue, and reciprocal control. Instead of looking at what is taking place in the Supreme Council and the organization and efficiency of its work, and instead of seeing the fictitious unity between the Supreme Council, the ministers suggested by the BSP, and our parliamentary group, and instead of being restricted by obvious organizational chaos, we are being entertained with instructions issued by the supreme authority. Adding to this the Stalinist interior of party headquarterzhouse, let everyone gauge the impression this makes.

I do not defend anyone. Conversely, change is needed, immediate change. However, the most direct way is not always the best way.

This party does not belong to Lilov, Lukanov, Tomov or Draganov.... All of us are responsible for its condition and its future. If there is such great concern for the situation within the party, why is it that the Supreme Council does not begin by taking a look at itself? Why does it not look at the Presidency? Why does it not look at the dozen deputy chairmen and the Secretariat? Let the contribution, the role, and the place of each and every one of them and of the entire team be assessed. There are many problems that are interrelated and interdependent. There are as many differences as one may wish. What we need is a practical approach, a new impetus in the life of the BSP.

#### **Leaders of Factions Within BSP Present Views**

*91BA0991A Sofia DUMA in Bulgarian 2 Aug 91 p 5*

[Statements by BSP, Bulgarian Socialist Party, faction leaders; places and dates not given: "Collective Self-Portrait of the BSP"]

[Text]

#### **For Reform in the Party and Society**

*Rumyana Medeva, Chairman of the BSP [Bulgarian Socialist Party] Marxist Platform for Unity and Renovation Association:*

On 4 October 1990, the Alen Mak Worker Clubs, the Nasoka Movement, Socialist Unity, Marxist Alternative, and Social Forum for Reconstruction and Protection of Socialism signed a protocol for cooperation for the sake of the unity and renovation of the BSP. The Marxist Platform Association is working with the basic organizations and the BSP club without developing its own

structure. It is supporting the BSP policy through the materials we are developing for the parliamentary commissions and are formulating viewpoints on important problems of social life. We support the Marxist methodology of the study of processes and a platform of flexibility, mainly concerning right-wing views on the nature of the party. Buzludzha links the defense of the socialist ideas of well-being to the free will of the citizen and his right to a choice and real participation in public affairs. It was for the sake of these ideas that Blagoev and his comrades founded their party in 1891; the consistent development of Marxism as a method for the interpretation of the scientific and democratic nature of socialism is the foundation of the dialectical continuity between the creators of the BSDP [Bulgarian Social Democratic Party] and their followers. Today the BSP position is linked above all to defending the reformist and renovative processes within the party and society. We insist on having a social market economy with economic, social, and ecological efficiency. We must develop the sectors that are of priority importance to our country, such as agriculture, the food and light industry, and domestic and international tourism, rather than totally "dismantling" the economy and upgrading the danger of market production and gangsterism. The Marxist platform believes that the economy must be aimed at the ordinary person and secure his vital needs.

We shall support in our internal party relations the spirit of tolerance for people who think differently. The preservation of the mass left-wing socialist nature of the BSP is the fundamental task of the Marxist Platform.

The BSP is faced with the task of preserving its historical and political significance from now on. The first thing is to protect the dialectical value of Marx's methodology in the study, evaluation, and projection of the development of society. The second is to restore Blagoev's views and understanding of the nature of left-wing social democracy, the attitude of the party toward workers, peasants, the intelligentsia, and the petty owners and producers, not only as its social base but also as the main social force and guarantor of social justice and the freedom of the individual under the conditions of the peaceful transition to democracy. And the third is the continuation of the processes of renovation within the BSP, which would ensure its assertion as a significant political factor in the defense of civil peace and the implementation of the economic reform and preservation of the unity of the Bulgarian people and Bulgaria's territorial integrity and national security.

#### **Freedom, Security, and Cohesion**

*Docent Dr. Mincho Minchev, Chairman of the Movement for Socialist Unity Within the BSP:*

The appearance of the Movement for Socialist Unity Within the BSP was triggered by the periodically intensifying divisive trends within the Socialist Party. It appeared immediately after the 39th BSP Congress and rallied several clubs, whose members believed that the

acceleration of renovation processes within the party could bring about the implementation in Bulgaria, as well, of a variant similar to the one existing in all former socialist countries.

The supporters of the movement believe that the appearance of "pressure" groups within the party, promoting its "radical change," creates a kind of confrontation situation among the various ideological trends. This development necessitated changes in the activities and status of the movement, which took place at the third national conference, held on 13 July 1991.

The Movement for Socialist Unity Within the BSP rejected the club form of organization. It does not create separate structures or promote a closed policy. It also allows in its activities the participation of BSP sympathizers, who are not party members. The main area of work will be sought by the movement in the basic party organizations.

The preferred form of ideological and organizational contacts is that of periodic joint business-political meetings among those who favor a united and strong Socialist Party. At these meetings, discussions are held on the means that, in accordance with the changes in the political and economic situation, are contributing to achieving this objective.

Unity within the BSP is possible only by protecting the socialist nature of the party, in accordance with specific Bulgarian conditions and historical traditions, thus rejecting efforts to emulate foreign models.

The supporters of the movement will oppose, by all legal means, the efforts aimed at restoring capitalist social relations in our country, regardless of their origin.

To defend the socialist ideas and values, the party must be a well-organized social force. That is why the movement will aspire to strengthen horizontal and vertical ties among party organizations and organs.

The Movement for Socialist Unity Within the BSP favors a party that will firmly defend social justice, based on the principles of freedom, security, cohesion, and equality in social opportunities for realizing the potential of every Bulgarian citizen.

The party must defend, above all, the interests of the working people—workers, peasants, and the progressive intelligentsia. The fruits of democracy must be available to all Bulgarian citizens, but social as well as national guarantees are necessary.

The movement insists on making an objective overall evaluation of the past 15 years in our history. It will struggle for the defense of everything positive achieved by our people after 9 September 1944 and will oppose any revanchist distortions of our historical past.

The ideological guidelines in our further existence as a party are found by the Movement for Socialist Unity Within the BSP in the reinterpretation of the rich

ideological legacy of Marxism and its steady enrichment in accordance with the dynamically changing social relations in the contemporary world.

### Political Competition Through Renovation

*Valentin Vatshev, Chairman of the ASO [Alternate Socialist Organization]:*

The semantical workload of our political language and the developed concepts used by people here are inadequate for interpreting substantive aspects of the processes that are currently taking place. A true political space is only now being established, and so are the parties as political subjects; yet, in the mass awareness, they are considered completed, and this perception considers political coordinates only as being left or right. It is necessary to become familiar with and master the multidimensionality within which liberalism-conservatism and radicalism-moderation exist.

Against this background, we must answer the following questions: Who are we, and what is the BSP? What are the history and the nature of our party? What are its past, its present, and the ways it is following, some almost imperceptibly?

To me, the BSP is a new political subject that is now being structured because the BCP [Bulgarian Communist Party] stopped being a party as early as the 1950's, when it gradually blended with the state. It was already then that it lost its essential features and turned into another "body." I am not saying this to distance myself from its assets and liabilities, which, naturally, we are assuming.

We are trying to find out whether there is a historical continuity from Buzludzha to the present of one single entity. On an official legal and chronological basis, it is easy to detect and substantiate it. To me, however, these are several different political formations that have replaced the old ones, some of which were inherited and others abandoned. The latest formation was gravely affected by Stalin's war communism. The BCP destroyed the opposition parties and thus triggered its own death. The bad thing is that, to this day, the concept of a party as a party-state is inherent in our overall policies. This has been largely surmounted by the BSP. However, recurrences may be found in the behavior and intentions of other political parties. To be specific, today communists may be found throughout the entire political space in the country.

Today we prefer to speak of the renovation of the BSP. However, we must be aware of the great conventionality with which a 100-year-old history must be reproduced in a newly developing political commonality. The Socialist Party tries to get rid of excessive ideologization and to make its objectives, values, and realities consistent with each other. This is taking place, though slowly. There have been many accretions resulting from the long, true political life of the left that must be surmounted and sifted out. That is the reason there is such ideological

ferment in the BSP, although some people fail to see it. There are among us, and there will remain, communists and anticommunists. Somewhere in between there will be a wide political channel within which the BSP will advance. It is still clumsy, somewhat ashamed, but gradually it is showing up as being the most democratic in the country. The new kind of social and human relations and interests make it social democratic and bring it closer to the leftist center. It has still not rejected its apparat habits and petty struggles for power. However, its new identity is maturing. Before determining that we want to participate in the power, we must know who we are and what our participation will consist of. This is the place of the ASO: to raise such questions and provide its answer to them.

To us, victory at the expense of renovation is unjustified; what we need is a good presentation within the political competition, through our renovation. Otherwise, the success of the BSP would lose its meaning. We can and must seek convincing political realization, but as socialists. Buzludzha is the peak of our political history, valid for all Bulgarians. The leftist movement paid with its fate, its blood, its confusions and errors and precious experience for being the bearer of progress today, tomorrow, and in the future.

#### **Europeanization Means Dignity and Self-Respect**

*Miroslav Popov, Cochairman of the Coordinating Council of the Path to Europe Movement:*

Europe is a continent that gave birth to the socialist idea and that started the global socialist movement in its full variety. In our country, the Socialist Party appeared as the first Bulgarian European party. For decades, support of socialism in Bulgaria was a mark of European self-image and outlook.

The Path to Europe Movement appeared in the last days of 1989. However, the Europeans within that party have always constituted an impressive force. The method of Path to Europe has become a permanent part of the Bulgarian political vocabulary and, unfortunately, is being given the same narrow interpretation by the president, by Akhmed Dogan, and by our party orthodoxy.

The Path to Europe symbolizes, above all, our aspiration as a nation to return to our European sociopolitical standards and historical affiliation. The question is not whether or not Bulgaria is geographically part of Europe. The point is that Bulgaria is Europe. The sociopolitical, economic, and spiritual model toward which we must aspire is that of the European society. Bulgaria must become part of the general European space: politically, culturally, and economically.

The Path to Europe means a conversion from totalitarian to democratic European society. As compared to, let us say, the American path, the European societies are politically structured along the "socialism-liberalism" axis.

The Path to Europe means a rejection of the path toward Asia, whether north or south. Europe means the entire variety of social models within the Atlantic-Ural perimeter. Finally, the Path to Europe is a rejection of the path to Latin America. I believe that the main political conflict within today's Bulgarian society is not "capitalism or socialism" but a European or Latin American model of a market economy and social protection of the individual.

As an internal party trend within the BSP, the Path to Europe sets itself very specific objectives. It means the rejection of the failed Leninist-Stalinist systems and dogmas; the acceptance of the political concepts of the modern socialist and social democratic parties and movements; a European style of political life; and a new understanding of the humanistic dimensions of social progress and its ecological and spiritual price. Europeanization and social democracy of the BSP are different dimensions of the same process.

The conversion of the BSP into a modern European left-wing party is perhaps the factor that, in years to come, will make Bulgaria part of the all-European structures. The Europeanization of the BSP and of Bulgaria will put us above the Balkan squabbles, be they among parties or among countries.

Not least, Europeanization means European pragmatism and a realistic rather than a rose-colored, utopian view of Europe and the Europeans.

Europeanization means dignity and self-respect.

#### **Enduring**

*Yanaki Stoilov, Chairman of the Coordinating Council of the Movement for Radical Change:*

It is interesting to consider the system of time coordinates of Buzludzha, the BSP, and the future. The Movement for Radical Change, as part of the present Socialist Party, is a feature of the present time. At the same time, it is my hope that the entire party and, particularly, those movements that would like to see it reformed, seem to be closer to Buzludzha today than they were several years ago. Finally, the socialist reformers and their ideological common features will probably become part of the political future of that party and of the country.

If we consider the time element of the Movement for Radical Change, it would be proper not to lock it within its own borders, and even not to compare it exclusively to the present condition of the Socialist Party. Our aspiration is to find the true dimension of the ideas that could make today's Socialist Party a real ideological and political community.

The root of these ideas may also be sought in some of the Christian values that give contemporary European politics its shape. The historical process of bolshevization, however, turned our own national left wing (or part of it)

away from that path for a long period of time. Consequently, it is rather a question of different ways that were followed by the idea of socialism during different periods and not the failure of left-wing ideas. Today, in our country, at least, and in similar countries they are experiencing a certain crisis. However, the future lies in the constant human aspiration toward change, reform, and cohesion. The difficult question, which is important to the country, is whether the BSP and the other parties will be able to transfer these ideas to the next century, when, in all likelihood, they will be developed further.

Although our movement is described as radical, it stands on the positions of reformism. It is true that our aspiration is to have a radical—that is, a basic—change within the party and a basic change in society. However, our political methods are not similar to those of radicalism, which relies exclusively on revolutionary political action, regardless of the sociopolitical and economic reality.

Some people may consider it strange that we should combine stability with change and go back to liberal ideas, despite our view that socialization is a naturally intensifying process within society. It is no accident, for example, that the classical liberal values exist today thanks to the neoliberal doctrine that developed in the past and do not eliminate the state but, conversely, within certain limits, seek its protective role and its role for the development of a civil society. Consequently, the contemporary idea of a left-wing political group includes not only the classical socialist ideas and not only the need for social democratization under our conditions but also an attempt to use the wealth of other values, combined with the aspiration for freedom and justice.

For such ideas to acquire specific significance, however, serious practical work is necessary. In this respect, I believe that, despite the difficulties and ebbs and flows and, despite the fact that, like the other movements within this spectrum within the BSP the Movement for Radical Change is not a dominant factor, it was able to develop and suggest its views in terms of specific political actions. The combination of ideas and the ability to suggest the means of achieving them on a daily basis, their steady development in time, and their ability to become tangible make it possible for politics to serve the people.

#### **The Idea and Its Evolution**

*Violeta Gindeva, Cochairman of the Demos Coordinating Council:*

I consider particularly noteworthy the fact that the socialist idea, which appeared more than 100 years ago in our land and which was able to climb the steep path of its development, has survived in our present neurotically polarized days. It is manifested in the variety of evolutions of our idea, which I do not consider in the least to be a completed process. As an individual, I feel an incompatibility with statics and reverse dynamics

because it is within dynamics that we find the opportunity for the evolution of the spirit and matter. That is probably why I am attracted by the dynamics of the evolution of the idea of socialism as the manifestation of the harmony of the human spirit.

The centennial of the BSP found the Socialist Party at a time when it is experiencing a difficult period: The initiated process of social democratization within it is confronting the inertia of the past. We have, once again, the division of the party into two ideological wings: a widely open social democratic orientation and a narrower socialist orientation. Today, intolerance is not a mark of interaction among these two wings; nonetheless, differences are substantial and should be discussed.

In terms of the national aspect of Demos as part of the social democratic ideological wing of the BSP, the formation of political forces "to the left" of the BSP in order to balance the Bulgarian political center, artificially expanded in the direction of the "extreme right-wing forces," is natural. In terms of political parties in the "center" and "right of center," Demos was and remains open for a broad dialogue that marks political pragmatism, tolerance, and professionalism. Within this dialogue, the contemporary aspect of the political left in Bulgaria will be crystallized because Demos considers that the future of the BSP lies in the left-wing movement in Europe and in the Socialist International.

As socialists, we try to formulate a realistic program consistent with the socioeconomic givens and to develop a winning strategy and a pragmatic tactic for the electoral campaign. The view that predominates in Demos is that the electoral struggle should develop in the most democratic way, under the conditions of loyal competition among the individual political forces and their ideas and actions. If it becomes necessary to update the law on competition and to apply it in the political area, we would favor that each political force stress, proclaim, and publicize the merits of its ideas, programs, and platforms. Demos is in favor of professionalism, constructiveness, and tolerance in political rivalry in the course of the electoral campaign.

#### **Marxist Development Consistent With Realities**

*Prof. Dr. Mitryu Yankov, Chairman of the Coordinating Council of the Marxist Alternative:*

The appearance of ideological trends is something significant in the history of the BSP. For almost an entire century, the party had accepted a single ideological foundation, Marxism, and did not tolerate different trends.

The appearance of the Marxist Alternative, at least in the beginning, was viewed as an example of the need to keep the party within its previous ideological framework. Many people had come with their old ideological stereotypes and had given us the appearance of being conservative.



In reality, in its initial theoretical platform, the Marxist Alternative firmly opposed the dogmatic and neo-Stalinist distortions and favored the development of Marxism with a view to the new realities and values (including the social democratic), and the dialectically flexible application of the Marxist method in the solution of grave social problems. It seeks an alternative that would distance us from both the East European model and Latin American capitalism.

The main thing now is: Can the BSP win the election after having lost power, despite the categorical vote of the people it received in the previous election? Does this entirely real political possibility conflict with the neconservative nature of the economic reform taking place in our country? Under circumstances in which no particular opportunities exist for even a typical social democratic conversion to a market economy, it makes sense for the BSP to win the election because that would ease and prevent the extremely difficult social consequences of any extreme shock therapy and any possible political excesses.

Unfortunately, our political, organizational, and material possibilities for engaging in theoretical activities are limited. This is not only because our publication is being strangled by financial difficulties and not only because the appearance of the Marxist Platform led to a split within our movement and within the newspaper MISUL. It is also due to the overall tendency of the fading away of the ideological trends after their initial blossoming during the 14th and, to a certain extent, the 39th Congresses.

We can even speak of a condition of political misery of ideological trends. They did not find extensive grounds for development on a party basis. The party continues to react on the basis of the better known stereotypes of identifying them with factions and factionalism. The party leadership does not sufficiently and equally support the various trends. In general, there are no criteria governing their status within the party. Anyone who decides to become a leader could easily create a group of three or four persons. I hope that on the eve of the party's centennial at least some of these negative trends will be surmounted and that the contribution of our own and other ideological trends will increase.

## Controversy Over Danube Dam Continues

### Minister to Hungary

91CH0803A Prague OBCANSKY DENIK in Czech  
31 Jul 91 p 2

[Article by vav: "The Danube: A River of Problems"]

[Text] Prague (vav)—A painful wound which is the heritage of the totalitarian regime—Gabcikovo—recently opened up once more. The minister, who is chairman of the Federal Committee for the Environment, Josef Vavrousek, constantly emphasizes the need to be willing to act in this regard. This idea is also confirmed by his upcoming mission to the Hungarian parliament, where Minister Vavrousek intends to persuade the deputies to back down from their 1989 decision to halt construction. This move would result in conditions for more successful bilateral action. We asked the minister when he was preparing to go to visit the Hungarian parliament and what were the arguments he intends to use in convincing the Hungarian deputies?

"Yesterday, I sent a letter to the chairman of the Hungarian parliament telling him that I am taking the liberty of requesting that this visit take place sometime at the beginning of September. This is so because in August the deputies are still on vacation.

"As far as the arguments are concerned, I would like to list all reasons which would lead us toward focusing primarily on seeking constructive methods. A situation, with each side insisting on its own view, was tried by us for two years and one side cannot then yield for reasons of prestige and, among others, even for psychological reasons. In other words, some variation needs to be sought which will be agreeable and acceptable for both sides so that Gabcikovo does not become a source of tension. This would not be the first time in history that a fight erupted because of water. Irrespective of whether this was a fight on the level of economic sanctions or mutual willfulness or even on the level of war. We have seen this sort of thing many times before and I would very much dislike for us to make a contribution in this regard, even if it involves only the possibility for the arising of such a conflict.

"This is a giant thing, such an international river; first of all, there are the natural riches, and then its economic strength. Moreover, people are tied emotionally to the river. In short, for all of these reasons we cannot behave toward the Danube River as if it were a dead object."

### Minister's View

91CH0803B Prague OBCANSKY DENIK in Czech  
3 Aug 91 p 2

[Article by vav: "Gabcikovo Through the Eyes of Minister Vavrousek—The Civic Movement Opposes Variation C"]

[Text] The chairman of the Federal Committee for the Environment, J. Vavrousek, stated at yesterday's OH [Civic Movement] press conference that he has always considered it to be incorrect for our party to be willing to discuss only one solution, and that one in accordance with the original design. He also considers the position taken by the Hungarian side to be incorrect, which consists of a proposal to abrogate the international treaty of 1977 and only then to continue with the possible conclusion of some partial agreements which the Hungarian side has thus far not specified in more detail. The Civic Movement rejects the so-called C variation—the completion of the Gabcikovo-Nagymaros water management project on our territory, which is being supported by the Slovak side.

Regarding the problem of the accumulation of functions in the person of Ivan Carnogursky, Minister Vavrousek said: "I believe that it is not correct for one and the same individual to simultaneously hold the function of deputy prime minister of the SNR [Slovak National Council] and the function of director of the Hydrostav Enterprise—an enterprise which is building the Gabcikovo project."

Furthermore, the minister stressed that for the entire duration of design preparation and design realization, no one asked the population of Zitny Ostrov Island for their views and he expressed the fear that this unwillingness to engage in a dialogue continues today. According to Minister J. Vavrousek, the decisive solution to the problem of the Gabcikovo water management project involves agreement on a method which would be acceptable to all interested parties, including the population of Zitny Ostrov Island.

## Struggle Within Czech Government Circles

### Pithart Versus Kubat

91CH0741A Prague PRACE in Czech 16 Jul 91 pp 1, 3

[Article by (cuk, sch): "Pithart Versus Kubat; Three Commentaries by Politicians on Dispute Between Prime Minister and Member of His Cabinet"]

[Text] Relations between the Czech prime minister and the minister of agriculture have been an open secret for a long time. It has now come to the breaking point. The situation is ripe for a resolution. On this everyone agrees. The problem specifically affects farmers the most, politically mainly the three interested parties and movements.

Minister Kubat is a member of ODA [Civic Democratic Alliance]. What does Daniel Kroupa, representative of the party, have to say about this problem?

"The prime minister has repeatedly demanded the recall of Minister Kubat but without success. It depends on what stand the CNR [Czech National Council] Presidium will take. The prime minister is surely well aware that one day after the CNR session is not the most

suitable time for such declarations. So the Czech Republic's prime minister either does not count on the minister to step down, or his declaration is in pursuit of other goals."

We asked one of Civic Movement's leaders, Jan Sokol, whether the dispute between Petr Pithart and Minister Kubat may not disrupt the already fragile relations among the "offspring organizations" of Civic Forum.

"I hope not, I hope that all will come to the conclusion that this matter has to be resolved objectively and not seen as a matter of prestige."

The ODS [Civic Democratic Party] is a kind of "third man in the background" at this time. Owing to its position in the democratic spectrum, its interest in ministerial chairs is palpable. It did get involved in the Pithart-Kubat dispute a while ago; so far only by proposing its candidate, Mr. Cervinka, for the post that might become vacant. In the view of one of that party's "strong men," Miroslav Macek:

"The dispute in itself in my opinion should have no effect on ODS's relations with anyone else. The ODS position is the same as in the first dispute in this 'affair,' with only one minor difference: Minister Kubat now is a representative of the ODA, which he was not at that time. So it is a matter for ODA and Prime Minister Pithart. Our position remains unchanged in the sense that we do not wish to destabilize the situation by any kind of active intervention in this dispute, but if Minister Kubat is recalled we claim this post for our candidate."

### ODA Supports Kubat

91CH0741B Prague MLADA FRONTA DNES in Czech  
20 Jul 91 p 1

[Text] Prague—"The Prime Minister's course of action is wholly unacceptable and violates the basic rule of a parliamentary democracy." This statement was made by Pavel Bratinka, chairman of the Civic Democratic Alliance [ODA], at yesterday's press conference in regard to Petr Pithart's demand that ODA member Bohumil Kubat step down as minister of agriculture. "Actions of this kind destabilize the Czech government," he continued. Representatives of ODA have concluded that Minister Kubat is not at all at fault in implementing specific points of the 30 January 1991 government resolution. Pavel Bratinka expressed concern over attacks against the transformation of agriculture which emanate from socialist opposition circles. Czech National Council [CNR] deputy chairman Jan Kalvoda added the comment that the Civic Movement has to this day failed to initiate the coalition talks which should have preceded the prime minister's move and declaration of his intent. A statement by Deputy Federal Minister of Finance Ivan Kocarnik (ODS) to the effect that Minister Kubat committed a fundamental error in allowing continuation of a subsidy system in agriculture drew comment from Federal Assembly Deputy Libor Kudlacek (ODA). He said that this was impossible to carry out in such a short time and that certain subsidies have been agreed to directly by the Czech government as a whole.

**President, Government Seen in 'Power Struggle'**

91CH0814A Budapest KRITIKA in Hungarian Jul 91  
pp 10-11

[Article by Miklos Szabo, member of parliament representing the Alliance of Free Democrats (SZDSZ): "President and Government in the Era of 'Peaceful Transition'"]

[Text] Any observer of Hungary who looks below the surface and sees more than the superficial phenomena will conclude that the real power struggle is being waged not between the government and the parliamentary opposition, but between the government and the president of the Republic. The parliamentary struggle is superficial because the opposition does not represent a real power vis-a-vis the government. The resultant inability to act manifests itself in the opposition's exasperated state of mind. This is particularly true whenever the ruling parties manifest childish satisfaction over the superiority they enjoy. The president on the other hand is a real power factor. He has already interfered several times with substantive policymaking entrusted to the other power factor and corrected governmental actions.

The government blames the opposition for not being consistent in regard to the issue of presidential power, for formulating its view of weak versus strong presidential power based on momentary issues, depending on the person who holds or who may hold in the future presidential power. The opposition declared itself against strong presidential power when Pozsgay aspired to become president. By way of a popular referendum it prevented the popular election of the president—a mechanism which certainly would have yielded a strong Presidency. Today the opposition advocates that the president should be a significant power factor. Undeniably, the opposition's position has changed in this regard, and it would make no sense to deny that the persons of Pozsgay and Goncz also played a role in this change. Despite all the credits he accumulated in dismantling the Kadar system, "Imre" held out the "threat of dictatorship," while the same was obviously not felt by anyone about "Arpad." Pozsgay was opposed to the earlier model. Unquestionably, he opposed "soft" dictatorship, not from the vantage point of a "hard" dictatorship as did Grosz or Berecz, yet he seemed to be more of a patriot than a democrat at all times. Undoubtedly, he wanted a softer dictatorship than the kind exercised by Kadar, but a stance of this kind no longer sufficed at a time when democracy was within reach. The state minister who supervised the power sphere had no visibly strange feelings about power. The last minute acquisition of the Television demonstrated this well. Although the last executive secretary who liked power even more took charge of supervising state security, due to his close political relations with the then minister of the interior. The state minister was able to exert real influence over the functioning of the "organ," and there were serious indications that he actually took advantage of this opportunity.

And yet, the threat of a dictatorship is not an issue of personality. It is a key political problem that can be interpreted on the basis of principle. In the days of the "four yes" referendum the threat of dictatorship appeared to originate from presidential power, but the situation changed after the elections. For the past year the threat of dictatorship has been presented by the superior force of governmental power. To offset this, a force that counters the highest executive power center within the executive power itself must evolve. The [present] division within the executive power certainly does not meet Montesquieu's standards for the sharing of power. A real division has become necessary because the dismantled Soviet-style system left behind to the governments of successor regimes such means of power that could not exist under Western parliamentary conditions. The government's superior power is primarily based on the fact that through the bureaucracy it continues to direct the administratively operated state economy, which was the essence of the previous system. Administrative functioning has already loosened up during the final decade or decade and a half of the previous system; enterprises enjoy many liberties vis-a-vis the executive organs of government, but the change is not substantive. It amounts more to centralization burdened with malfunctions, to weak central direction, than to a different model. To this date, the government continues to appoint enterprise presidents who try to act like capitalists, in vain. In essence they continue to be government functionaries because the owners of their enterprises cannot hide behind the enterprise councils, which they control. Above them we find the towering governmental executive apparatus, the economic system of direction within the ministries. Such power does not exist in the hands of elected parliamentary governments in other parts of the world. The surviving police state institutions of the already liquidated police state have a lesser but not insignificant role, and rank second as factors of power.

The previous system was not overthrown by a revolution. The power of the police state was not swept away by demonstrations. In the GDR the "Stasi," the state security staff built into the various ministries, was terminated with an immediate effect. Similarly, in Poland the retreating previous power was unable to save ZOMO, the motorcycle elite police unit that enforced state security, just as the retreating Kadar successor system was unable to salvage the Workers Guard in the form of some "patriotic national public security militia," even though it very much wanted to do so. The Romanian revolution, half of which was imitated, only seemingly discontinued the "Secu," but democratic forces steadfastly struggle for its abolition. This shows the great importance of this matter. In Hungary, where popular resistance did not sweep out the previous system, but where the previous system maneuvered itself out of power through "peaceful transition" and was not beaten out of power, it managed to salvage both the Hungarian Stasi and the Hungarian ZOMO. These were adopted rather than

terminated by the democratic government. Group Command III of the Interior Ministry and the State Security Group Command were removed from the Interior Ministry. These groups function as "offices" in the capacity of chief national authorities with nationwide jurisdiction. Within the Army a political police that performed political counterintelligence was subordinated to the commander of the Honved forces, intelligence and counterintelligence became independent, and so did the political police, the Hungarian Stasi. The third group within the Interior Ministry III Group Command—designated in documents as III/III—remained an "organ." It is the direct descendant of the previous State Security Authority [AVH]. Today's National Security Office is the previous "Company's" "Division To Fight Internal Reaction"; it is the III/III taken over in a form that remained unchanged in every respect. This then warrants the question: What threats to democracy does this institution avert, an institution that itself is obviously extremely dangerous to democracy. These kinds of secret services present serious threats to democracy even in solid democracies. In its Cold War frontline situation the FRG was forced to establish and maintain an "Office to Protect the Constitution," which was kept under control in an exemplary fashion. This was accomplished primarily as a result of prohibiting the "experts" of the pre-1945 system to go even near that office. That office was developed from scratch and has been operating with new people based on new principles. England has nothing similar to that. The CIA is a secret service whose functioning is restricted to outside of the United States. France and Italy have such organs. Scandals that arise from time to time indicate that they present threats to democracy even in those countries. The entire personnel, organization, and acquired practice of the [Hungarian] National Security Office is the same as the state security system of the earlier regime. The democratic government strongly defends that system; it visibly intends to use it. They make promises to the effect that henceforth one may rule out surveillance of the parliamentary opposition and of other legitimate democratic forces. Ferenc Pallagi also made such a promise as part of his testimony before the I/6 subcommittee of the No. 3 negotiating committee in 1989, and yet the earlier practice continued. What kinds of threats should an "organ" like this avert? Persons in authority constantly mention terrorism, when asked. They obviously have international terrorism in mind. That is "another waiter's table." A separate counterintelligence exists. If this is the case, the new-old "Company" is obviously needed to check on illegal organizations from the standpoint of whether they are in the process of organizing violent political activities. Everyone in Hungary knows today that this threat is insignificant. One need not maintain so large a staff to discover and avert such activities, a staff of a size which had as its designated task the surveillance of one million people on a regular basis in 1958. Since then this apparatus has only been developed further, and the efficiency of the control mechanisms has also increased by multiples. Where in Hungarian politics could we find a factor capable of developing some illegal

"liberation movement," one that could be averted only by a political police of this size? It is apparent that the inherited police state organization presents a far greater threat to democracy than the threats that barely exist or do not exist at all, but which this organization is supposed to avert.

We are not better off with respect to our ZOMO than we are with our Stasi. The Hungarian ZOMO remained in place. The new democratic government attributes great significance to maintaining this oppressive organization. The Hungarian ZOMO is the earlier system's "revolutionary police battalion." Just as the National Security Office is the successor to the former AVH's investigative and examining organization, the Kadar system's "battalion" is the successor to the "blue AVO" [blue because the ordinary police uniform was blue; AVO: State Security Division was the predecessor of the AVH]. It is an enforcement organ organized expressly for political purposes whose task it is to quell disturbances, if necessary. The Interior Ministry of the new government failed to discontinue this political enforcement organ; instead it adopted it. The legitimacy of one unit of this force, the antiterrorist commando, cannot be questioned. On the other hand, the fact that two members of this commando were taken to court recently on charges of murder for hire was not at all reassuring. The antiterrorist commando is indispensable, and its members cannot be replaced overnight by similarly trained martial art ["nuncsaku"] champions. Nevertheless it appears that a thorough psychiatric X-ray of the commando is highly justified.

A system change having the force of revolution, a struggle by the masses would have swept away both the Hungarian Stasi and the Hungarian ZOMO. Today they are reinforcing the power of the new government. The new government insists on having them. The adoption and use of police state institutions alone would suffice to support the argument that the present oversized power of the government constituted a threat of dictatorship. But one must add to this the authority exercised over state enterprises. I already mentioned the idea of a psychiatric X-ray. This actually is a "constructive" idea. Performing such an X-ray would only render the commando's functioning more efficient without reducing the government's control over it. And yet this proposal for an X-ray is hopeless. The government is not willing to do such a thing in part because it guards its prestige and because it wants to preserve the loyalty of the "enforcement organs" to itself.

But all this represents a threat of dictatorship. The parliamentary opposition is unable to restrict this power. It lacks sufficient social support. The role of the parliamentary opposition is alien to a society that has been "socialized" under the Kadar system. Society does not support the idea of permitting the opposition to restrict the power of the government, because it believes that such action would be tantamount to preventing the state from exerting its activities in the public interest. Society is opposed to increasing the chances of the opposition's

political elite to come to power in the next elections, because the opposition would exercise public authority the same way as its predecessor.

Accordingly, under the given circumstances, the superior power of the government may be restricted only by presidential power. The two dangerous remnants of the police state are in the hands of the government, but the government's control over the strongest armed institution, the Army, is not unlimited. The president of the Republic, in his capacity as the commander in chief of the Hungarian Honved forces, wields the same power in commanding the Army as the government does. In the days of the "taxi blockade" the president used his authority as commander in chief to prevent the government from deploying the Honved forces as a police force against those who protested. Whenever the government wants to acquire full authority over the Army it wants to establish a possibility for deploying the Army as a police force in periods of social tension. This would constitute an especially great threat to the democratic system; it would extremely increase the threat of the government developing into a dictatorial power.

Opponents to increased presidential power and who are supportive of the government cite Western conditions. Indeed. The American President's strong position to exercise executive power stems from the fact that he is the head of the government. On the Continent strong presidential power exists only in France, where the scope of executive power is truly divided into two parts. The president disposes over foreign affairs and the Army, while the government is in charge of the rest of the fields. The division is pronounced. There is no joint direction, the beholder of power over one of the spheres is far removed from the other. Results produced by such systems are unclear insofar as their usefulness is concerned. But even this system works well in the "well-greased" French democracy. In the rest of the developed democratic states of Europe the authority of heads of state as commanders in chief amounts much rather to symbolism than to actual power. This is what the decisive factors of the new government elected in 1990 wanted to accomplish in Hungary. When in the framework of the notorious interparty agreement with the SZDSZ—the "pact" of note—they yielded the state Presidency to an SZDSZ politician. They hoped that this politician would become a nominal head of state, akin to the chairman of the previous system's Presidential Council, sort of a new Dobi or a Pal Losonczi who would not even take note of the fact that the Constitution placed power into his hands, and if he would, wanting to use such power would be far from him. The new president's intent to use the public authority granted to him by the Constitution was an embarrassing surprise to the new government. The president wanted to become a factor in politics, and did not want to be a mere figurehead. Opponents of presidential power counter the supporters of presidential power by claiming that in general, the power of the head of state is symbolic in the West. But this is not the case with respect to the

"peaceful system changes" that evolved in the former people's democratic systems, where the highest ranking personalities of the former opposition became presidents, such as Walesa and Havel. Presidential power is stronger in every country previously ruled by the Soviet Union than the government's power. This is also the case in systems that collapsed under strong opposition pressure, such as the GDR, Poland, and Czechoslovakia, and for different reasons, even in Romania, Bulgaria, and Albania, where the Communist Party remained a strong power factor. Hungary is a peculiar exception. Only here did the government assign a nominal role to the president. The evolution of the political struggle prevented this from happening. Instead of the parliamentary opposition, which has been pushed against the wall, the president who was sufficiently mature to perform his constitutional function used the opportunity to limit the excessive power of the government.

With respect to the Honved forces the president holds powers identical to those held by the government. Decisions based on this power may be made only jointly by these two factors, within a mutually agreed upon framework. The threat of a "stalemate" may evolve in theory. This would occur if the two executive power factors held opposing views for an extended period of time and would not be able to reach a compromise. This is theoretically conceivable, even though no realistic threat like this exists in today's Hungary. In response to this we must clearly state that a stalemate would be an unfavorable political situation that should be avoided; nevertheless, a situation like this would not present as great a threat as dictatorship, which would amount to one-sided monolithic power controlled by a single center. In the interest of avoiding such situations politics must accept the threat of a temporary inability to govern. This is a lesser threat than dictatorship.

On the other hand, the question arises whether strong presidential power presents a greater threat of dictatorship than the superior power of the government. The president is the commander in chief of the Army, a person who could indeed take charge of the armed forces. The Presidency constitutes a more prestigious center of power than the government. By virtue of his situation he is beyond criticism. Nevertheless one circumstance rules out the threat of the president becoming a "strong" dictator. The development of a dictatorship depends on many factors. Most important among these is the "apparatus." The executive secretary of the Communist Party was a dictator and not a "primus inter pares [first among equals]" because he exercised full authority over the apparatus at party headquarters, which ruled everything. CC [Central Committee] secretaries and their extended apparatuses, the network of CC divisions, were the executive secretary's organizations of power. The president of the Republic possesses no similar powers. He does not even have an opportunity to build an apparatus because the budget for such an apparatus would have to be presented to Parliament, where counter interests in the majority would vote it

down. And yet, the presidential power is real, because even without an apparatus the president is able to enforce his power of restricting governmental power. He can do so as a result of political prestige in the moral sense of the term, which the institution of the Presidency has earned by virtue of the person of the president.

In today's situation all political forces regard the functioning of stabilizing factors as extremely important. The leading party of the governing coalition won by using the slogan "calm force." One can sense a cramped style in its self-satisfied gestures, and the cramped style is a result of the fact that the governing coalition is not certain of its own strength. In the condition of transition, in the shadow of the threatened eruption of large-scale societal dissatisfaction, the country indeed needs this calm force, which has been promised but not delivered. This calm force is represented by the relative power of the president. It stems precisely from what his opponents envision as a threat of dictatorship here. The president is a forceful stabilizing factor in political life because he cannot be held accountable by Parliament and because he cannot be removed from office during his term. He cannot be subjected to political pressure even in crisis situations, as the government or even Parliament can. Even in dangerous situations the president of the Republic is able to make decisions based on long-term considerations, and not under the influence of momentary effects exerted by the masses. He need not "survive" political situations like the government, or perhaps even the way Parliament does.

The president is a needed barrier around the dangerously great power of the government. Until such time that the government's economic power is scaled down, and until the pressure exerted by democratic forces liquidates the remnants of the police state, it remains the function of the president to stand in the way of dictatorial possibilities that threaten from the direction of the government. Hungary is not yet prepared to integrate with Western countries in terms of its democratic institutions. At the minimum, Hungary should not fall behind the liberated "people's democracies" in terms of its ability to offset to a lesser extent the threat of dictatorship raised by the executive power than the rest of the countries, where relatively strong presidential power offsets the excessive economic and state administrative power of governments.

#### **Interior Minister, Budapest Mayor Negotiate**

*91CH0770B Budapest MAGYAR HIRLAP  
in Hungarian 20 Jul 91 p 3*

[Unattributed article: "Demszky-Boross Meeting: Budapest Wants To Talk With Prime Minister"]

[Text] Leaders in Budapest would like to meet with the prime minister at the end of August. In preparation for this meeting, Mayor Gabor Demszky and Interior Minister Peter Boross conferred at City Hall yesterday for more than two hours.

We learned from city clerk Peter Szegvari that the issue of a world exhibition and the relationship between districts and Budapest cropped up. Aid was requested to solve the Budapest Transportation Enterprise's financial crisis, and the property to be transferred after the local government law takes effect was discussed. The city also awaits subsidies for environmental protection and for conveyance of residential real estate. Many such problems fall outside Budapest's scope and affect communal and municipal interests, such as resumption of the M0-annulus project.

Minister Bela Kadar had earlier asked the mayor to obtain authorization from the General Assembly to participate in a conference at which it would be decided how much land Budapest would allocate for a world exhibition. Gabor Demszky said such a decision falls within the exclusive jurisdiction of the General Assembly.

We also asked the outgoing minister for a brief assessment of the talks.

He said that, whatever happens, there must be a good relationship between government and Budapest, which is very important to the cabinet. The most prominent municipal leader and a minister skilled in affairs of local government—accompanied by appropriate experts—must definitely meet from time to time. He does not feel competent on many issues, but he is qualified to forward to the national authorities for further review matters ranked as most significant for local government. Incidentally, he said, the meeting with the prime minister must be arranged to make it as effective as possible. Developments concerning a world exhibition also make such a high-level exchange of views unavoidable. He said he does not find the Expo situation hopeless: The difference of opinion is not as great as it seemed to be before. For his part, he finds a movement toward consensus conceivable.

#### **Budapest Mayor's 'Serious' Financial Worries**

*91CH0757C Budapest NEPSZABADSAG in Hungarian  
18 Jul 91 p 7*

[Article by Zs.P.: "Demszky's Serious Worries"]

[Text] The two decisions were almost simultaneous: Budapest will not get from the state budget the 10 billion to 12 billion forints it needs to operate as usual, and a resolution of the Budapest Metropolitan Council has banned the levying of a local trading tax that would have raised approximately 4 billion to 5 billion forints of revenue.

Budapest Metropolitan Mayor Gabor Demszky will once again place before the Metropolitan Council, at its autumn session, the draft ordinance to implement the local trading tax. But if the councilmen vote down the draft ordinance once again, Budapest will be forced to operate on loans. (Negotiations are already in progress with the banks on this.)

However, the situation is already critical: Budapest cannot spare even a penny to subsidize its baths (the Metropolitan Council just gave the thermal public bath on Dandar Street back to the 9th District, to do with the bath what it could); there is no money to finance public transport; and, due to the lack of funds, Budapest cannot even think of investing.

Responding to our question, Gabor Demszky said: "We can expect serious problems if the metropolis fails to raise money. For the time being we do not know exactly what the consequences of the budget deficit will be, but it is certain that the operation of the metropolis could be in jeopardy. In which case we would have to introduce austerity measures. But I do not wish to discuss them, because I do not want anyone to think I am making threats. I hope that the Metropolitan Council will pass the draft ordinance to implement the local trading tax, and that no austerity measures will therefore be necessary."

#### **Republic President's Powers, Limitations Analyzed**

91CH0770C Budapest MAGYAR HIRLAP  
in Hungarian 22 Jul 91 p 1

[Interview with Gabor Halmai, university docent, by Zoltan Lovas; place and date not given: "Gabor Halmai on Arpad Goncz's Legal Status: President of Republic Expresses National Unity"]

[Text] The big debate in constitutional law the past two weeks has been over whether President Goncz oversteps his authority by not endorsing certain appointments. The question is: What is really the president's scope of authority? How did it evolve, and how can the ambiguous legal situation be eliminated? University docent Gabor Halmai, an expert on this topic, expresses his views to our newspaper.

[Lovas] The presidential scope of authority has evolved in such a way that statutes can be interpreted ambiguously. How is this possible?

[Halmai] There was agreement from the outset during work done on the Constitution at the national round-table in 1989: The Presidential Council must be replaced by the office of a single head of state. However, the office's scope of authority was the subject of debate. It was not decided whether Hungary's form of government should be a traditional parliamentary republic or whether an attempt should be made to approach the presidential system seen in France. A compromise was reached in the late summer of 1989 when recourse was taken to the 1946 law and an attempt was made to reinstitute the legal status of a fairly weak republican president.

[Lovas] Pozsgay failed to be reelected. After the parliamentary election, the MDF [Hungarian Democratic Forum] and the SZDSZ [Alliance of Free Democrats] signed a pact....

[Halmai] Legal status of the weak republican president did not thereby grow stronger or alter. The pact caused a change in the president's character, not his legal status.

[Lovas] But the authority of the president of the republic is marked by ambiguity, and various interpretations are possible.

[Halmai] The office of the president of the Republic in the Hungarian system of government is undefined. The lack of clarity is due in no small part to written laws that are illogical and contradictory. For example, when it was decided that the president of the Republic was authorized to be commander in chief of the Army, I assume there was some sort of constitutional idea at root, because it is not mentioned in the 1946 law. The idea was incorporated into the 1989 constitutional amendment without adjusting the details and without stating in the Constitution or the modified National Defense Act what it means in practice for the president of the Republic to be commander in chief of the Army.

[Lovas] Let's move on to the controversial passages....

[Halmai] Let's begin with the president's constitutional status. The Constitution does not have much worthwhile to say about it: "The president of the Republic expresses national unity and oversees the democratic functioning of the state organism." I couldn't say what is meant by overseeing the democratic functioning of the state organism. Though nowadays I would say the president's job is to superintend the laws and the Constitution. The wording of the Constitution suggests that the president should keep the branches of government in balance. The wording and the restriction of the president's authority remind me most of the theory of the neutral head of state: The neutral head of state belongs to neither the executive nor the legislative branch but instead plays a balancing role between the two. In our country, the president is by no means head of the executive branch, nor even part of it. The 1946 law thus described the president's tie to executive power: Every act of the president was subject to ministerial approval, and the president had no authority to exercise power independently. Today the Constitution recognizes the presidential powers subject to approval, but not every power of the president is such. Subject to approval are receptions, dispatch of delegates, international agreements, and the most important appointments—generals and undersecretaries of state.

[Lovas] And which are not subject to approval?

[Halmai] Quite a few important powers. The Constitution names those that require approval. All the rest, according to the sense, are not subject to approval. Being commander in chief is an example of such a power—and the most important one. This deepens the impression that thought was given to granting the president some substantial authority. Because if the intention had been to create some sort of figurehead, then the latter power would have been subject to approval, too. Not subject to



approval is, for example, nomination of the Supreme Court chairman or the chief public prosecutor.

[Lovas] Does approval mean that the president is a rubber stamp or that he is the number-one thinker and the approver bears just partial responsibility?

[Halmai] It means that the approver shoulders the political responsibility. But it doesn't mean that the president is required to add his signature. The power of appointment means, of course, that the appointer—that is, the president—is always entitled not to endorse an appointment.

[Lovas] Let's move on to the presidential powers.

[Halmai] The president of the Republic suggests a person for prime minister, and on this basis the latter is chosen by Parliament.

[Lovas] And what about dismissing the prime minister? Can the president take the initiative there, too?

[Halmai] Of course. But the Hungarian president's constitutional independence of the prime minister is illusory. After all, the president cannot appoint just anyone.

[Lovas] But this isn't stated in the text of the Constitution.

[Halmai] It isn't. It's a political question. The president has just one possibility: the right to dissolve Parliament. But he can take advantage of this right only if Parliament has issued a vote of no confidence in the government four times within a year. This is not enough to topple the government: In order for the government to be considered toppled, a new prime minister must be appointed, and at the same time the vote of no confidence is tantamount to selection of a new prime minister. The president can also dissolve Parliament if Parliament does not approve the president's new prime minister-designate within 40 days. The president also has powers during a state of war or under other extraordinary circumstances. But these powers are extremely limited: The president can avail himself of them only if the National Assembly is paralyzed and the head of state, speaker of the House, and chairman of the Constitutional Court jointly verify this. The Constitution recognizes two situations in which the president can reject the proclamation of laws already enacted by Parliament: If constitutional misgivings arise, then he can turn to the Constitutional Court. Alluding to other, nonconstitutional misgivings, he can veto the law and return it to the speaker of the House. However, the latter can see to it that, without changing a letter, the same law is repassed, and the president is required to proclaim it.

[Lovas] What can be done to eliminate the controversies surrounding presidential powers?

[Halmai] I think that a new constitution may be the way to get rid of these problems. But I would point out that the political forces that speak of the need for a new constitution do not actually strive for a new constitution.

I don't believe it would take several years to write a new constitution. It's a matter of political decisions. There are scientifically based drafts of a constitution already prepared.

[Lovas] If by chance there is another push for a constitutional amendment, what can we expect?

[Halmai] That is a decision requiring a two-thirds majority—two-thirds of all representatives, not just those present, which implies a consensus.

### Defense Ministry Rehabilitation Policy Attacked

91CH0837A Budapest MAGYAR NEMZET  
in Hungarian 25 Jul 91 p 8

[Article including interview with Colonel Gyozo Vajda, chairman of the Defense Ministry's Rehabilitation Committee, by Laszlo Szalay; place and date not given: "Who Is a Revolutionary? Two Thousand From 1956 To Be Rehabilitated"]

[Text] The 15 March 1991 issue of AMERIKAI KAN-ADAI MAGYAR ELET published an open letter addressed to Arpad Goncz, Gyorgy Szabad, and Lajos Fur. The letter was signed by Erno Balogh, president of the Freedom Fighters Memorial Committee of New Jersey. In it the author examines the rehabilitation of participants of the 1956 revolution and criticizes the workings of the Ministry of Defense. (Due to space limitations we are unable to publish the full text of the letter, so we only print the most important findings.)

"Every reformer who in the aftermath of 23 October has done little to champion the revolution, but instead in many instances slowed down and hindered the evolution of the revolt, has been wearing the garb of the heroic '56 revolutionaries these days. And soldiers, who on 4 November let down Imre Nagy's government and laid down their arms without firing a shot, proclaimed themselves to have been heroic freedom fighters. Hundreds and thousands of them, moreover, as I learned from the Hungarian press, tens of thousands of them requested—and in many instances received—high ranks, and complained about not receiving high pensions and appropriate assignments, and for not being reactivated....

"We believe that a highly conscious force intends to bring to the forefront and to provide positions as soon as possible for persons at ease when conversing with cadres left behind by the old system—persons able to retard and hinder a truly revolutionary transformation, a real system change. This force takes advantage of a lack of information that stems from the good faith and timidity manifested by the rehabilitation officers of the Ministry of Defense, the minister of defense, and the president of the Republic."

To our knowledge none of the addressees reacted to the letter, therefore we asked Colonel Gyozo Vajda, head of

the Defense Ministry's rehabilitation committee, to tell us how he and his associates felt about the mounting criticism.

[Szalay] Colonel, with reference to 1956, one of the most significant statements in the letter claimed that certain former officers who were neither heroes nor revolutionaries have been promoted to higher ranks. In contrast, many times you forget about real freedom fighters. How do you respond to this criticism?

[Vajda] On occasion we also promoted some undeserving people, but we never covered up our mistakes. We worked exclusively on the basis of documents. Despite this fact, however, situations have arisen in the past in which we received information after we made a promotion and this clouded our work, or, I could say, our good faith. The underlying policy for rehabilitation has been established by the National Assembly and the government in the form of laws and decrees, and by way of specific instructions from the minister. At the same time, however, the two most significant social organizations, the National Association of Political Prisoners [POFOSZ] and the Committee for Historical Justice [TIB] are also involved in this work. We are influenced by their critical remarks, proposals, and judgments, and we accept their criticism to the extent that circumstances permit us to do so.

[Szalay] You may regard this as a touchy question: How is it possible to promote and "reward" a military officer who served as a people's judge in the conceptual trials of the 1950's by granting him a service pension?

[Vajda] I would like to stress that the moral purity of the rehabilitation activity is shown by the fact that we do not examine the extent of a person's past heroism or martyrdom. Instead we evaluate whether a person suffered as a result of violations of law. In other words, we endeavor to remedy the effects of violations of law insofar as these can still be remedied. Accordingly, we do not examine the earlier stages of the lives of persons involved, because it is well known that in the 1950's more than one judge or people's judge who took part in conceptual trials fell victim to violations of law. We would not pass judgment over such people, even if we were able to prove that they collaborated with the perpetrators of a given conceptual trial. And it is not within our competence to call public attention to controversial cases, which turn one's stomach on occasion.

[Szalay] In the end the whip cracks on the rehabilitation committee: Fingers are pointed at the ministry because of the kinds of persons you promote to the rank of colonel or general.

[Vajda] I would quote in response the words of Kalman Keri: "A person who deals with personnel matters will never be popular." We could unveil certain persons to the press, but our hands are also tied by the law on privacy rights.

[Szalay] The open letter talks about more than the glorification of undeserving people. We read about a staff sergeant who is "unique in world history" because he was passed over eight ranks and promoted to become a colonel. How could such things happen?

[Vajda] The Hungarian press has frequently brought up the name of this colonel both here and abroad; this matter pertains to the military section chief of POFOSZ. This promotion took place before we were accustomed to standards based on experience and laws. In his case the action he took in recent years to support the cause of the soldiers of '56 served as the decisive factor. Such glaring cases no longer exist; we guard ourselves against excesses in which promotions in rank are placed primarily on emotional foundations. We are not proud of that case either, but we do not want to reverse ourselves.

[Szalay] The open letter also states that the real "foot soldiers" of the revolution, the insurgents, receive no recognition whatsoever. Accordingly, those who went to the streets in '56 and picked up weapons—most of whom subsequently suffered long prison sentences—have still not received satisfaction.

[Vajda] We were unable to do anything about civilians, even though we knew well that they too were the "soldiers" of the revolution. We could not deal with their cases unless they belonged to the regular armed forces. We have no jurisdiction to do so.

[Szalay] But the National Guard was established in late October 1956. Members of the police, the Honved forces, and of insurgent groups were recruited. Thus, the simple insurgents also became members of the regular armed forces.

[Vajda] The legal status of the National Guard has not been clarified to date; no higher level legal provisions have been created that could provide guidance either to the Ministry of the Interior or to the Ministry of Defense to enable these to treat the former National Guard as a regular armed force. Accordingly, we have no legal basis on which to deal with members of the former National Guard.

[Szalay] From the outsider's viewpoint it seems—let me be stubborn and return to this matter—that you are making exceptions with respect to part of the vilified officers.

[Vajda] We are dealing not only with officers, but also with noncommissioned officers. We also find enlisted men among the victims of retribution. Unfortunately, we do not have central records concerning these soldiers and thus have difficulty in finding enlisted men who took part in the '56 revolution. Thus far we have rehabilitated about 60 enlisted men. In general, we promoted them to the rank of warrant officer. Some of them, however, received the ranks of lieutenant and major. Accordingly, discrimination is out of the question; the simple fact of the matter is that more officers than enlisted men were vilified in the aftermath of '56. These officers are well

acquainted with the rehabilitation process and besiege us with their requests. I would like to spread the word, however, that we deal the same way with enlisted men who took part in the revolution. We are supposed to restore exclusively their military honor, of course.

[Szalay] Colonel, how well founded are the statements and critical remarks contained in the open letter?

[Vajda] Anyone having inside knowledge of our activity would know that the contents of this letter held true to an extent of more than 90 percent.

[Szalay] Independent from this letter, the Defense Ministry's rehabilitation work has been criticized with increasing frequency. What could the reason be?

[Vajda] Undoubtedly, many objections arise in regard to our work. The military public involved in this matter learns more and more about the limits of rehabilitation, and quite naturally, they are dissatisfied. Between the end of 1989 and the middle of 1991 we received about 2,500 requests for rehabilitation. Of these we have already closed 2,000 cases. One-third of the petitioners regard the restoration of military rank as insufficient. They want to be fully compensated for the previous wrongs they suffered, i.e., they expect not only a restoration of their military honor, but also financial indemnification. All we were authorized to do by law was to return ranks that were illegally taken away, and to promote those who deserved to be promoted. A constant conflict exists between us and the interest groups—and this will continue in the future—because they appeal to the cause of justice even though they are just as familiar with the legal provisions as we are. We must conform with the laws. According to the Constitutional Court decision we are not authorized to pursue indemnification activities, and this is to the detriment of the present generations. We would act in a manner consistent with new legal provisions of course, if such provisions were framed.

**Official on Restructuring of Agriculture Ministry**  
91CH0757B Budapest NEPSZABADSAG in Hungarian  
19 Jul 91 p 5

[Interview with Gyorgy Rasko, permanent state secretary of the Ministry of Agriculture, by Peter Czauner; place and date not given: "Rasko: 'Manually Controlled Administration'"]

[Text] The leadership of the agriculture and food-industry branch is trying something new. Within a month, which happens to coincide with the peak summer chores on the farms, the Ministry will again be reorganized—for the umpteenth time during the past 18 months. That was announced this week. At the same time the officials in the building were told that those of them who wished to help implement the government's agricultural program could get work.

[Czauner] Is it true that work in the Ministry of Agriculture has stopped because of the reorganization?

[Rasko] That is not true. Just today two excellent reports have been completed for submission to the cabinet. One is on grain, the other on winegrowing. Next week the cabinet meeting will be considering also a third presentation—a report on the use to date of agricultural subsidies, by the committee for coordinating the regulation of the market for farm products.

[Czauner] How will the Ministry function until the reorganization will have been completed?

[Rasko] The new organizational subdivisions created during this one-month interregnum will start to function immediately.

[Czauner] In conjunction with this I wish to note that, obviously, the reorganization is taking place because the latest system has not been functioning properly. Then how will the new departments be able to work together with the ones of the old type?

[Rasko] During the period of transition the Ministry of Agriculture will be administered by manual control. I have put together a staff of between 20 and 25 experts, and we will be deciding each particular case. It is very fortunate that our relations with producers are good. Practically at the last moment, the KSZE [Socialist Cooperation in Corn Production] and KITE [Corn- and Industrial Crop-Growing Cooperation] production systems have reported that their production costs for wheat will be under 5,000 forints per metric ton, which is substantially less than the 5,800 forints my colleagues in the Ministry have been estimating.

[Czauner] Have you consulted the Independent Smallholders Party in conjunction with the reorganization? After all, your Ministry "belongs" to that party.

[Rasko] No, because we have nothing to do with the party.

[Czauner] But a proportion of the party's members are of a different opinion.

[Rasko] Several Smallholder deputies came in person to my office to congratulate me on the bold reorganization and assure me of their full support. They were pleased especially with the way we are taking agricultural export in hand. Because they, too, think that the Ministry should be concerned with presenting a unified picture of Hungarian food products to the world market, rather than with the day-to-day problems of farm production. Mrs. Tamas Simon, the party's vice president, supports this view, and so do Geza Zsiros and several of his colleagues in the National Assembly. After a party leadership that had been proclaiming generalities, the party's new leaders are ready and willing to cooperate on specific solutions of the tasks at hand. They, too, have recognized that the Ministry is better able to safeguard the interests of the branch if it is represented by competent people at the cabinet level.

[Czauner] Speaking of which, it was announced at the recent meeting of the National Committee of Grain-growers that hundreds of farms would go bankrupt if the state did not help by providing subsidies. As a result, many people in the villages would become unemployed.

[Rasko] In Hungary, only 10,000 people are engaged directly in growing grain. But 200,000 families are growing grapes and making wine. If we now meet the graingrowers' demands and give them the 5 billion to 15 billion forints they are demanding, what will be left for the winegrowers? And we have not even mentioned as yet the canning industry. Meanwhile, during the first six months of this year the state budget has already reached 78 percent of the deficit planned for the whole year. Anyone able to think can figure out for himself that this can mean only one thing: We have to expect contraction, rather than expansion, of subsidies during the remainder of this year. That, however, applies to the entire economy, not just agriculture and the food industry.

[Czauner] Mr. Rasko, the matter of the Pest-Nograd County Livestock-Trading and Meat-Industry Enterprise's plant in Vac is also timely in a sense. It is being rumored that the Ministry of Agriculture has appointed a ministerial commissioner to manage the plant. Also, the exams for managers of the meat industry's state sector have just ended. What can you tell us about the results?

[Rasko] There is no ministerial commissioner in Vac. If for no other reason because we wish to privatize the entire enterprise as soon as possible. It is now being managed by a firm of privatization consultants commissioned by the State Property Agency. Some reporters must have confused that with the appointment of a ministerial commissioner. Regarding the examinations, I will announce the results Monday. The papers, tied and sealed, are here before me. But I will have time to grade them only over the weekend.

#### Disputes Surround Former Official Trade Unions

##### MSZOSZ Banks Under Fire

91CH0813A Budapest MAGYAR HIRLAP  
in Hungarian 2 Aug 91 p 4

[Article by O.E.: "Are They Salvaging or Preserving the Assets? Information Concerning the Trade Union Bank"]

[Text] The National Organization of Hungarian Trade Unions [MSZOSZ] invited journalists yesterday to its headquarters building owned by Frohburg Union Financial Inc. MSZOSZ consummated sales agreements for all 15 of its buildings, including the one of Dozsa Gyorgy Road, but ownership would revert to the trade unions and the company would owe interest on the entire worth of the property if the deal fell through. This according to a 13-page statement issued by MSZOSZ member organizations in regard to the founding of a bank and an insurance company.

Establishment of these financial institutions is supported by several arguments. One of these holds that the combined total sum of money held in trade union accounts represents a 10-billion-forint annual turnover, whose profits are collected by various financial institutions. Why should someone else profit as a result of holding the trade unions' money?

Another substantial reason given by the unions is that as a result of recent staff reductions the headquarters buildings were not fully utilized; their operation only consumed money while most buildings were in a rather bad condition.

These concerns could be resolved all at once by joining the stock corporation. Contractual terms provide for the unions' continued use the buildings, the renewal of occupancy, and in time, for the conversion of notes provided by the unions for the space utilized into the unions' financial contribution to the stock corporation.

These real estate transactions must not be viewed as classic sales agreements, because no money has changed hands. Thus the value received cannot even be spent by the unions. Nevertheless to clarify rumors and misunderstandings that float around in the country MSZOSZ has requested the prosecutor to examine the sales agreements. MSZOSZ requests the supreme prosecutor to investigate the defamatory pamphlets issued during their call for a strike, and the public statements of certain members of the Cabinet that offend MSZOSZ member organizations. And further, Sandor Nagy filed a private suit against Ferenc Hegedus for a defamatory article published in ZALA MEGYEI HIRLAP.

Yesterday's MSZOSZ-related news included a report according to which the Federation of Commercial Trade Unions petitioned the director in chief of the International Labor Organization [ILO] to intervene with the Hungarian state to ensure the exercise of the right to organize and to review the laws that MSZOSZ regarded as offensive.

##### MSZOSZ President's View

91CH0813B Budapest NEPSZABADSAG in Hungarian  
2 Aug 91 pp 1, 5

[Interview with Sandor Nagy, MSZOSZ president, by Katalin Bossanyi in Budapest on 1 August: "MSZOSZ Seeks Prosecutorial Review; Nagy: Founding of Bank Appropriate"]

[Text] The press has dealt with the National Organization of Hungarian Trade Unions' [MSZOSZ] property salvaging attempts for weeks. MSZOSZ President Sandor Nagy denied these reports at a press conference yesterday and also reported on his endeavors to establish an insurance company. He granted an interview to NEPSZABADSAG after the press conference.

[Bossanyi] Even the segment of the public that sympathized with you was surprised to hear your announcement immediately before the ominous parliamentary decision. It pertained to the founding of a bank and an insurance company, followed by the revelation of sales transactions involving your headquarters buildings, which appeared as "property salvaging." Why this timing?

[Nagy] We have been considering ways to make trade union assets appreciate better for more than a year and a half. We did so to protect employees. The obvious, internationally proven answer to this question is the establishment of a bank and an insurance company. Our membership has demanded for quite some time an answer to why we were delaying this matter. But we wanted to remain correct partners all along. Although we prepared ourselves for the establishment of financial institutions, we postponed the decision until it became clear that regretfully there would be no way to distribute the assets among trade unions in proportion to their respective membership sizes. Insofar as the sale of headquarters buildings are concerned: The agreement consummated with Frohburg Union Finance Inc. makes economic sense and is legally appropriate. It is the beginning of the first step in the direction of establishing a bank.

We intend to establish a specialized bank by the end of 1991. It will operate with a 500-million-forint capital stock. We plan to establish a commercial bank with a capital stock of between 1.6 billion and 2 billion forints by May 1992, and by the end of 1992 we want to establish a bank and insurance company with a capital stock of 4.7 billion forints. Accordingly, we would contribute capital in the form of cash gradually along with the National Federation of Trade Unions [SZOT] real property.

[Bossanyi] Let us discuss the specifics of the transaction. Does this frustrate the law? Does the fact that you transferred real property valued at 1.9 billion forints to the stock corporation mean that the rest of the trade unions no longer receive their share of assets?

[Nagy] That is out of question! Henceforth the assets held in the form of real property will exist in the form of securities that can be controlled, sequestered, and redistributed just like real property. Nothing has disappeared as a result of our action; we did not smuggle a single penny out of the country. Incidentally, the services of the trade union bank and of the insurance company will be available to all trade unions.

[Bossanyi] The fact that you sold such valuable real property to an enterprise with 10 million forints in capital stock is a curious aspect of the transaction. This is unusual in the context of business practice. What guarantees exist for the notes to remain "alive" and for the money to appreciate?

[Nagy] The agreement establishes a very thorough system of guarantees: Employees cannot lose, they can

only gain as a result because trade union capital will appreciate. Incidentally, as of today we are requesting the supreme prosecutor to examine the legality of the agreement. I trust that his favorable response silences those who slander us.

[Bossanyi] Did you seek the membership's view concerning these steps?

[Nagy] Yes, and we also informed the rest of the trade union groups.

[Bossanyi] The former SZOT property is valued at 4.7 billion forints. Does the 1.9 billion forints contributed to the stock corporation amount to more than the amount to which MSZOSZ is entitled based on the estimated size of its present membership?

[Nagy] It's less than that. We have 2.5 million members.

[Bossanyi] What other funds do trade unions belonging to MSZOSZ have? How much do you use in the form of operating funds, and how much will be deposited into the strike fund?

[Nagy] Our organizations are autonomous. They prepare financial statements pursuant to rules. These may be audited by the State Accounting Office [ASZ]; I have no detailed record of these funds. We have been building the strike fund for several years now by setting aside part of the membership dues. The size of this fund is not a matter of public information.

[Bossanyi] How do you preserve its worth at a time when you do not have a bank?

[Nagy] The fund is in the form of long-term deposits.

[Bossanyi] One hears rumors that MSZOSZ also has limited liability corporations. Is this true?

[Nagy] I firmly deny such statements: We do not have a single limited liability corporation. Underscoring this is important because the Hungarian "custom" of establishing companies includes efforts to work for one's own pocket, in addition to serving community interests. I have no knowledge of such transactions insofar as our trade unions are concerned.

[Bossanyi] You petitioned the Constitutional Court challenging the enactment of the two trade union laws. Do you know when a decision may be expected?

[Nagy] I do not know. I only hope that the Constitutional Court understands the significance of this matter and that it deals with our petition on an urgent basis.

[Bossanyi] Meanwhile the clock is ticking; the laws took effect after all. What are you going to do upon the expiration of the 30-day period?

[Nagy] We will return the membership dues; based on our experience thus far the membership is increasing rather than decreasing, despite the summer season. Just what exactly we are going to do in the eventuality that

the Constitutional Court rejects our petition depends largely on what our membership expects us to do.

[Bossanyi] Are you going to pose this question to the membership in the meantime?

[Nagy] Yes, and it appears that the membership is encouraging us to follow the path of civil disobedience because it does not intend to support the decision reached by Parliament. It interferes with the internal affairs of trade unions. A membership decision like this would be mandatory from our standpoint.

[Bossanyi] What kinds of economic and political consequences could such action draw?

[Nagy] MSZOSZ is not preparing itself for civil disobedience; it only considers the possibility of civil disobedience. I find it highly regrettable that this issue arises at all in a period burdened by social tensions. But we cannot be held responsible for civil disobedience and for the entire decision rendered by Parliament. The fact that two trade unions supported such conflict is indeed tragic.

[Bossanyi] Accordingly, are you not organizing a strike?

[Nagy] Not for this reason. There are other ways in which political pressure can be exerted. We must take into account international public opinion for example, and for instance the ILO [International Labor Office] position in this regard.

[Bossanyi] Preparing itself for a "tough autumn," the government is reinforcing its enforcement organs. Are you not scared? Have you been threatened?

[Nagy] The government should much rather concentrate on preventing social conflicts. I have been threatened, but otherwise I am not afraid. They have threatened me more than once.

[Bossanyi] Some versions of the story hold that MSZOSZ has entered into a pact with the government to the effect that MSZOSZ would not organize a strike and in exchange there would be no trade union laws. The government has reneged on its promise according to this supposition, and for this reason you do not wish to obey the law at present.

[Nagy] I am not aware of such a pact.

[Bossanyi] Unfortunately, one could easily imagine circumstances in which this situation became totally unmanageable. One cannot rule out the possibility of even "outlawing" trade unions. Standing up against such actions could increase prestige and respect for you; nevertheless, employees would suffer the real damage as a result.

[Nagy] Employees loose most as a result of this entire series of action! I can responsibly state that we went to the ultimate point in terms of our preparedness to reach an agreement. A large organization is able to manifest

self-restraint for a long time. But there comes a point where we must call for a halt—in the interest of the membership.

### AFL-CIO on Union Law

91CH0813C Budapest NEPSZABADSAG in Hungarian  
2 Aug 91 p 4

[Article by F.A.: "Trade Union Laws Appropriate, According to the AFL-CIO"]

[Text] In a letter addressed to National Assembly President Gyorgy Szabad, Lane Kirkland, president of the 14-million-employee member AFL-CIO [American Federation of Labor-Congress of Industrial Organizations] trade union movement assured Parliament of his support of the trade union laws enacted. Freezing trade union assets was entirely appropriate according to Kirkland, and Hungarian workers must be given an opportunity to take part in democratic elections and to freely decide about their own representation.

Journalists were informed of the letter by members of a visiting delegation at a press conference held by the League of Independent Trade Associations yesterday. Members of the delegation were guests of the league for two weeks. Speaking of the purpose of their trip the guests said that they were trying to strengthen the support provided to the league by the world's largest trade union federation. They toured eastern Hungary during the first half of their visit. In conversing with employees they became convinced that workers were looking forward to trade union elections with great expectations. At the same time the guests did not refrain from voicing their feeling that a certain apathy toward trade unions existed in Hungary. For this reason it would be illusory to expect that the people's disappointment could be dissolved in the course of a year—a feeling that evolved primarily as a result of the trade union practices of the past 40 years. The guests said that it would take time before real trade unions could evolve. Speaking of MSZOSZ the guests said that a mere change in name could hardly change the opinions held by employees about MSZOSZ, and that MSZOSZ' authenticity would continue to remain in doubt as long as its assets were not controlled by workers. From their vantage point as Americans, the AFL-CIO representatives found it odd that certain people questioned a law sanctioned by Parliament and that they tried to circumvent such law.

Speaking of their own activities the AFL-CIO representatives said that the political mechanism of the welfare state was linked to the role played by trade unions. Although the AFL-CIO has no representatives in the legislature, it supports certain representatives in the elections, people of whom they know that they represent the interests of employees. The trade union movement tracks their activities and voting record on legislation affecting employees. At the same time they launch strong attacks against legislators who take positions opposed to the interests of employees.

In response to a question the AFL-CIO delegates said that an example existed for trade union elections in the United States, notably during the presidency of Franklin D. Roosevelt, when the majority vote of trade union members determined the union to which they wanted to belong. The law created at that time is called the Wagner Act after a representative from New York. American trade unions regard that Act as their "Magna Carta."

### Trade Union Transfers Funds To Thwart New Law

91CH0770A Budapest NEPSZABADSAG in Hungarian  
22 Jul 91 p 1

[Interview with Laszlo Paszternak, president of the Ironworkers Trade Union, by an unnamed NEPSZABADSAG correspondent; place and date not given: "Money Rescue?"]

[Text] We read the news item in MAGYAR HIRLAP: The Ironworkers Trade Union withdraws its money from the bank in order not to have to render an account in accordance with the recently passed law pertaining to trade unions. We asked Laszlo Paszternak, president of the ironworkers, about this.

[Paszternak] It's true we withdrew our money from where we had kept it up until now, but that story about suitcases is false. We deposited the money in banking institutions where we feel secure. Our goal is to prevent by legal means application of the law pertaining to revelation of assets by trade unions.

[NEPSZABADSAG] How big a sum is involved?

[Paszternak] Allow me not to answer that. But it isn't a small sum: It assures that the interests of our 350,000 members are represented.

[NEPSZABADSAG] What steps do you think the government will take?

[Paszternak] None, I hope. Though I know that the two laws which violate the Constitution and numerous statutes really serve the government's aims—despite the fact that behind the scenes the government cheered the parliamentary debate.

[NEPSZABADSAG] Let's return to the money. How are the ironworkers protected by depositing the money in other banks? After all, these sums appear in the general ledger, and the State Audit Office will obviously scrutinize the union's books, not the banks' books.

[Paszternak] We will not surrender the general ledger for that purpose. We comply with our obligation to render accounts as defined by the law of free assembly. But more than that, in keeping with the decision of our national council, we are not willing to do that. Provided there is no recourse to violence.

[NEPSZABADSAG] Do you consider that imaginable?

[Paszternak] I would consider it an insane measure, but it could happen. I just hope that the authorities use common sense.

[NEPSZABADSAG] Do you think that other trade unions will rescue their money from "dangerous circles"?

[Paszternak] Certainly. The solution is obvious.

### Multiparty Discussions on Privatization Strategy

#### Government, Opposition Agree

91CH0758A Budapest HETI VILAGGAZDASAG  
in Hungarian 13 Jul 91 pp 5-7

[Article by Pal Reti: "Privatization Blueprints; Who Is in the Business?"—first paragraph is HETI VILAGGAZDASAG introduction]

[Text] Last weekend was the first time experts of the government, the ruling parties, and the opposition, respectively, met officially to discuss the government's blueprint for its privatization strategy. All sides were somewhat surprised to find how closely their views on privatization converged. The only question remaining is whether its backers are squarely behind the government committee that is urging a drastic acceleration of privatization.

Referring to State Secretary Tamas Szabo's announcement that the committee he is chairing had completed drafting its blueprint for privatization, HETI VILAGGAZDASAG reported two months ago that the cabinet would be considering the "Szabo Program" within days. Additional blueprints have since been drafted, and criticism has intensified even within the ruling parties over the slow pace of privatization and the excessive power that the AVU [State Property Agency] is wielding. However, a decision by the cabinet on the principles of privatization, regarded as the key to the change of economic systems, appears farther away now than it did months ago. The fact that the numbering of the blueprints has begun may be regarded as ominous. No. 3 is the latest version, completed in July. But Ivan Szabo, the chairman of the National Assembly's Economic Committee, claims that work already is well underway on version No. 4.

Yet the six-party discussions last weekend revealed an unprecedented "similarity of views" among the leading economic-policy experts of the MDF [Hungarian Democratic Forum] and the liberal opposition parties regarding privatization. They all agreed that, despite the AVU's ceaseless campaign to advertise its achievements, the pace of privatization has been extremely slow. This, incidentally, is borne out also by the data the agency itself released recently. Although AVU officials like to talk about the hundreds of billions of forints' worth of state-owned business assets and the 500 or so enterprises "affected" by privatization, the data show that, since its existence, the AVU has been able to relieve the state of



assets worth merely 25 billion forints (including also the spontaneous privatizations carried out with the agency's approval). Which is barely more than 1 percent of the 2.0 trillion forints' worth of state-owned business assets to be privatized. At the same time, the transfer of state assets to the AVU has been proceeding much more smoothly, and today the agency is exercising the owner's rights over 100-billion-forints' worth of assets.

These data, too, undoubtedly have played a role in that by now the views of the MDF experts (today they are mostly the government's experts) have shifted much closer to the liberal standpoint also on the question of curbing the AVU's power, although 12 to 18 months ago these same experts were highly critical of spontaneous privatization, regarding it as a tool by means of which the Communists were preserving their power. The Privatization Committee appointed by the government finds that "the AVU wields practically unlimited economic power." On the other hand Ferenc Madl, the chairman of the AVU board of directors and likewise government-appointed, categorically denies that too much power is concentrated in the AVU.

This is not the first time the AVU has attempted to anticipate criticism aimed at curbing its power. At the beginning of this year, a few weeks after Finance Minister Mihaly Kupa's remarks about inflexibility and red tape in the privatization of state-owned business assets appeared in the press, the AVU launched its so-called middle-of-the-road privatization initiated by investors. Lajos Csepi, the chief executive of the AVU who earlier had been a staunch defender of state ownership, gave this form of privatization advance publicity and said that it would satisfy "the most liberal demands." And then last weekend the AVU came out with an even more liberal method—i.e., the privatization of privatization (see related article). The new scheme, also known as self-privatization, "authorizes" the sale of small and medium-sized state enterprises by government-certified "self-employed privatizers," something the government's experts had proposed months earlier. Meanwhile the members of the Privatization Committee discovered that "privatization initiated by the enterprises and supervised by the state, but based on market methods, could be given an even greater role." According to the already mentioned No. 3 version of the blueprint for privatization, completed a few days ago, the government would have to determine not the scope of the small and medium-size enterprises that could undergo spontaneous privatization, but the list of the large enterprises which, because of their special situation, could be sold only by the AVU. In all other instances, let enterprise initiatives bloom, and let the AVU merely oversee compliance with the law by the privatizers and the privatized as well.

Up to this point the government's experts and those of the opposition parties are more or less in agreement. But their views differ on how all this should be "presented to the people." In the country, and especially in rural areas,

there is "extremely vehement opposition to privatization," claims Ivan Szabo, who, by his own admission, spends most of the week away from the capital, among the people. Commenting on the No. 3 version, the MDF deputy told HETI VILAGGAZDASAG that this professionally very good blueprint had to be made "politically palatable." In his opinion, the government ought to devise suitable techniques to sell the program to the public. The press, too, could assume a role in this. For instance, "by presenting 10 successful examples of privatization for every two privatization scandals aired."

But according to Marton Tardos, the champion of liberal privatization in Hungary, the point is by no means merely how to "package" accelerated privatization. The SZDSZ [Alliance of Free Democrats] deputy chairman of the National Assembly's Economic Committee does not share the concerns about possible popular indignation over drastic privatization. "What the people fear is not spontaneous privatization, but their own further pauperization due to declining real wages and the nose-diving purchasing power of pensions. Privatization can always be accused of being a clearance sale of the country, and therefore any public dissatisfaction stemming from other causes can easily be diverted in that direction. A successful government must be aware of this and ought to be able to defend itself against such accusations," Tardos told HETI VILAGGAZDASAG. According to this liberal politician—for whom, incidentally, this is the first time since the elections that a government committee has sought his opinion—the point is that not even the MDF itself, let alone the government or the ruling parties, is squarely behind State Secretary Tamas Szabo's committee. "I find it peculiar that the committee is holding six-party discussions on privatization when not even the government has a unified position on it. I will gladly give the state secretary advice, but the SZDSZ as a party cannot be expected to support one of the wings in a fight within the MDF."

Although the two principal political parties' experts are sharply divided on the slowdown of privatization's acceleration, we again find a convergence of their views on how to make privatization "palatable." According to Ivan Szabo, public indignation over the injustice of privatization could be assuaged by giving the workers equity, which at the same time would be a return to the MDF's original program advocating the creation of a broad class of small proprietors. And Marton Tardos characterizes the concept of workers' equity, which crops up in the No. 3 version, as a step in the direction of giving away assets, something he regards as inevitable. Because, in his opinion, not even the combined domestic and foreign demand would be enough to soak up within the next three or four years the 50 percent of the state enterprises' assets earmarked for privatization so far—i.e., state business assets with a book value of 1.0 trillion forints, and a market value between 1.5 trillion and 2.0 trillion forints. (Incidentally, the government's Privatization Committee anticipates that the proportion of



equity held by foreigners in businesses registered in Hungary will increase from 3 percent at present to 30 percent by 1994. That would mean an influx of foreign capital into Hungary between \$3.0 billion and \$4.0 billion a year over three successive years, which would beat all previous records for an economically moderately developed country of our size.)

The government promised more than a year ago to draft a privatization law. According to the current thinking of the Privatization Committee's experts, such a law would accurately define the scope of the individual government agencies' authority, including that of the AVU, and provide the statutory regulation of self-privatization, thereby depriving the AVU of its right of presentation. That law could contain also the privatization techniques that at present can be pieced together only from a number of other statutory regulations. In the opinion of the committee's experts, however, all the changes that "political public opinion" expects of a privatization law could also be introduced without enacting such a law—i.e., by amending the laws already in force. Ivan Szabo, too, favors this solution and says: "Parliament might be mulling over a privatization bill even a year from now, whereas the tender points could be concealed better in bills to amend existing legislation."

### **Ethical Self-Privatization**

*91CH0758B Budapest HETI VILAGGAZDASAG  
in Hungarian 13 Jul 91 p 6*

[Article by Pal Reti]

[Text] In response to the first call, over 200 firms have volunteered to relieve the AVU [State Property Agency] at least partially of the burden of privatizing the state's business assets. From among these firms and the additional ones that will have applied by the 15 July deadline, the AVU's board of directors will select the 35 to 40 consultancies that will be authorized to sell all or parts of the state enterprises that employ fewer than 300 persons and have sales and assets under 300 million forints. According to data supplied by the Ministry of Finance, 365 state enterprises meet these criteria at present, and the combined total book value of their assets is 44 billion forints. (The more than 2,000 enterprises awaiting privatization have assets with a combined total book value of 2.0 trillion forints.)

In addition to a suitable professional background, prospective privatizers must have at least 10 million forints of capital. The AVU will soon make public the list of selected privatizers, and self-privatization will probably resume as of 1 September, but under supervision. The small and medium-sized state enterprises will be able to select a state-certified privatizer of their choice, and the latter will exercise all the rights that the AVU itself has. But the privatizer will also have to observe all the pertinent statutory regulations. For instance, he will have to invite tenders from buyers and will not be allowed to sell the assets of a state enterprise below the

value set unanimously by more than one independent assessor. The AVU will put its final stamp of approval on the enterprise's privatization—i.e., on its restructuring, and the sale of all or part of its assets—but it will merely check whether the documents meet all the formal statutory requirements, without examining the documents' substantive content.

As its basic fee, the privatizing firm will get 5 percent of the proceeds from privatization that flow into the AVU. The firm will get another 5 percent as premium on the part of the assets sold by 31 December 1991, and a 2.5-percent premium on the part sold by 31 March 1992. The privatizer will have to put up for auction anything he will have been unable to sell by the end of next year.

According to AVU Director Erno Racz, AVU officials are not concerned that the commissioned privatization consultants might abuse the confidence placed in them. The transactions will be supervised continually through postaudits. If any abuses are uncovered, the consultant in question will immediately be barred from self-privatization, and his name will be published, which presumably will make it impossible for him to stay in business. "But the already concluded transactions will not be rescinded," the director added.

In addition to formal requirements, the AVU intends to also set certain ethical standards for the "self-employed privatizers." For instance, the AVU does not prescribe that the value of the assets to be privatized must be determined by an assessor other than the consultancy which will be selling the assets; however, the AVU would regard any breach of this principle as "unethical."

"The enterprises will welcome self-privatization, because it will enable them to avoid the AVU," says Racz, and adds: "We are not very popular among the enterprises. Probably because we are guarding the state's business assets like a Cerberus."

### **Gergatz on Agrarian Policies, Smallholders**

*91CH0757A Budapest NEPSZABADSAG in Hungarian  
16 Jul 91 p 8*

[Interview with Agriculture Minister Elemer Gergatz by Peter Czauner; place and date not given: "Elemer Gergatz: 'There Is No Grain Crisis Yet'"]

[Text] Agriculture Minister Elemer Gergatz, the Smallholder veterinary researcher who emerged from political obscurity, so to speak, does not have it easy. The branch of the economy entrusted to his care is struggling with serious marketing difficulties. Meanwhile, the leadership of his party has changed, and that change cannot be said to have occurred quietly.

[Czauner] Have you already met with Jozsef Torgyan since he became party president? And has the question of your portfolio come up before the party leadership?

[Gergatz] Many people are saying that Mr. Torgyan is an extremist and radical. Since his election, I have attended the party's national leadership conference and also a meeting of the party caucus. The proceedings took place in a normal atmosphere. I will probably be getting instructions from the party in the future, but I do not think that the instructions will require any change in my work as a member of the government or in my management concepts.

[Czauner] The government's agricultural program and that of the Smallholders Party are well known. There is some discrepancy between the two. As you just mentioned, you expect to get instructions from your party. What will you decide?

[Gergatz] That is something which cannot be debated and is not debatable. The ministry's main task is to help administer the country. Which means that if my opinion were in conflict to whatever extent with the government's program, I would still have to implement that program. Incidentally, the Smallholder Party's agricultural program is not uniform, because it incorporates quite a few views and opinions. The government's agricultural program is "purer" in that respect. Otherwise there is no significant difference between the two programs.

[Czauner] The ministry is about to undergo another reorganization, which is creating some uncertainty in the ministry and the branch itself.

[Gergatz] That is a concomitant of reorganizations of this kind. Some officials are fearing for their good jobs; others are hoping for promotion. In my experience, regrettably, a proportion of the people in the ministry are creating panic by claiming that the situation after reorganization will be much worse than now. They are fearing primarily for their own positions. But this matter should be settled in a matter of days. The ministry must be adapted to its functions and become more like its counterparts in the West. Those who are handling official matters in the building will be surprised to see how much faster the work will flow.

[Czauner] That would be in order, but the trouble is that the state administration's system of production information is not functioning too well. That could be dangerous for the organization and management of the Agricultural Ministry as well as of farm production that will be shrinking ever more in the future.

[Gergatz] There are problems not just with the information system of the Agricultural Ministry, but with the information systems of the other ministries as well. Also for that reason we have been urging the establishment of agricultural offices in the counties. But we will be relying also on information from local governments, various interest-representing organizations, and produce boards. But we will be checking the information from these sources in the future.

[Czauner] Not so long ago there was the institution of the mandatory weekly report. Is that perhaps what you want to restore?

[Gergatz] There is no question of our doing that. As manager I, too, often had to fill out those statistical reports. And I know that not even the entries in the first column were true. Regarding the future, I hope producers will realize that it is in their own interest to keep the government informed.

[Czauner] Since you became minister, you have opposed very resolutely attempts to raise feed prices. You even found yourself in the crossfire of criticism because of that.

[Gergatz] And feed prices did not go up, did they? Feed would be even cheaper if the scaring had continued longer.

[Czauner] Meanwhile, it turns out that a grain crisis—I am aware that is not how you are referring to it in the ministry—can be expected because of overproduction.

[Gergatz] There is no grain crisis yet.

[Czauner] What solutions would you consider advisable in the case of hogs and to alleviate the problems in conjunction with the marketing of grain?

[Gergatz] We are over the worst of the problems with hogs, and we should be able to find foreign markets for about 2.5 million metric tons of wheat. Our program to stimulate grain export will come before the cabinet soon. I think we should not worry that the wheat cannot be sold. The trouble is that the traders are stretching out their palms for export subsidies. But we have to protect also the growers, and keep feed prices low as well. We will be announcing an invitation to tender that will give preference to the exporters who require the least subsidy.

[Czauner] At a recent meeting you said that new organizations for agricultural export must be established. Are the present ones unsatisfactory?

[Gergatz] The trading firms want to make much bigger profits than the growers. Instead of liquidating or dismantling the existing trading firms, incidentally, what we have to do is to encourage the establishment of new ones.

[Czauner] What guarantee is there that the artificially created new firms will not be controlled from the background by the old firms, like subsidiaries?

[Gergatz] That possibility does exist. But if there are more players in the market, fair competition has a better chance of developing. That, incidentally, can be kept in hand through the issuing of export licenses and the granting of export subsidies. For instance, I have no problem with Agrimpex Rt [Agrimpex Corporation] or

Gabonakereskedelmi Kft [Grain Trading Limited-Liability Company]. But our job would be much easier if grain export were divided among six to eight trading firms.

[Czauner] You have been to several foreign countries recently and are now preparing to go to Canada. How does agriculture benefit from these trips?

[Gergatz] In Kiev, Minister of State Tkachenko and I have agreed to seek opportunities for closer cooperation. In addition to produce, also technology and genetic material can be sold, among other things, to the Ukraine. I am saying this as an expert; they took me to see livestock-breeding plants that are regarded there as outstanding ones. With the Russian Republic, on the other hand, it will be worthwhile to barter also food products. From Hungary's point of view, the Russian Republic is an almost unlimited market. I was in England in June, on the invitation of Mr. John Gummer, the minister of agriculture. We discussed Hungary's accession to the EC. I assured my counterpart that they have nothing to "fear" from us. Incidentally, Piet Bukman, the Dutch minister, also shares that view. I met him in England on this trip; that was our second meeting.

Furthermore, it appears that with the British we will be able to establish cooperation on sheep fertility and genetics, in the form of a joint venture. I studied the latest research results on bovine spongiform encephalopathy [BSE], the recently identified "crazy cow" viral disease that allegedly can be transmitted also to man. Otherwise this is something we will have to watch out for, because two foci of this disease have already been discovered in neighboring Czechoslovakia. Video tapes from British colleagues will be arriving shortly. I will immediately send on these tapes to postsecondary educational institutions and research institutes. I was invited to Canada as a researcher but will be going there as minister. But I am taking my former colleagues with me. Moreover, I will also be honoring my earlier professional invitation. The topic of discussion, incidentally, will be the therapy applications of genetic engineering. But we will also be discussing cooperation on sheep breeding. As minister, I will attend the "Hungarian Day" program at the Edmonton Fair. Next week I will be in New York State lecturing to Hungarian-American farmers. One of them would like to sell us his farm at a very low price, and return home. If that were to succeed, our Ministry of Agriculture could have a bridgehead there, to operate a model farm in the U.S. economic climate. Our agronomy and veterinary students could then go there to study.

[Czauner] Don't you miss your original profession?

[Gergatz] No. But that is what we have been talking about. Or haven't you noticed?

## **Torgyan Mending Fences, Seeking Moderate Image**

### **Supports Compensation Law**

*91CH0809A Budapest NEPSZABADSAG in Hungarian 5 Aug 91 p 4*

[Unattributed article: "Jozsef Torgyan: 'I Have Never Been a Wild Man'"]

[Text] "Contrary to rumors, I have never been a wild man. I did not regard a person's intent to negotiate with me as a desire that could not be fulfilled. But this matter must be discussed by our board of directors," [Independent Smallholders Party (FKGP) Chairman] Dr. Jozsef Torgyan told a NEPSZABADSAG reporter when asked to comment on a report that Workers Party Chairman Gyula Thurmer has made an initiative to meet with him.

At a press conference in Miskolc yesterday the FKGP chairman had this to say to our reporter about the signature drive sponsored by the Social Interest Reconciliation Council demanding a popular referendum: "The National Assembly established, and the president of the Republic proclaimed the Compensation Law. The law will be in an advanced stage of implementation by the time the Constitutional Court returns from its vacation. The country cannot afford to spend another year debating this issue.

"Although the fact that I did not agree to this law is publicly known, I still say: As law abiding persons we must endeavor to enable the implementation of the law with as little trouble as possible," Dr. Torgyan said. He also expressed skepticism about the popular initiative. A proposal to increase the number of signatures required for the initiation of a popular referendum from 100,000 to 500,000 has been awaiting legislative action for quite some time.

The Smallholders politician also said that defining the FKGP as the party of property owners could provide an ideological base to the Smallholders that the rest of the parties did not have. A national middle class must be developed because unless we follow that path "the country will be taken away in exchange for colored beads." If, in addition to the peasantry, workers were given ownership rights, they would also possess a force which sustained the nation. The chairman of the Smallholders Party used these words in support of establishing employee ownership.

### **Makes Peace With Antagonist**

*91CH0809B Budapest MAGYAR HIRLAP in Hungarian 1 Aug 91 p 3*

[Article by Sz.Zs.: "Torgyan and Zsiros Shoulder to Shoulder"]

[Text] In a statement issued yesterday Independent Smallholders Party [FKGP] Chairman Jozsef Torgyan and FKGP Bekes County Chairman Geza Zsiros

declared that accelerating the passage of economic legislation was one of the most important tasks facing the party. They agreed that the party's program had to be developed further so that agriculture and the food industry played a more prominent role. They reached an agreement concerning the need to restore unity between the party and the [parliamentary] faction. They made clear that henceforth they would "fight divisive views shoulder to shoulder in order to make the party and the country flourish."

Later last week Jozsef Torgyan held a grand rally in the county of former party chairman Ferenc Nagy and conducted negotiations with Smallholders Party leaders. At this time he sat down at the table with the leader of another recalcitrant county and reached agreements regarding certain issues. As a reminder: Geza Zsiros was one of the five "angry" representatives who filed a private complaint against Jozsef Torgyan because at the latest full steering committee meeting he qualified 12 Smallholders who were cleared by Jozsef Antall as III/III agents. The statement also suggested that the two chairmen have buried the hatchet.

#### **Signature Campaign Against Compensation Law**

*91CH0810A Budapest NEPSZABADSAG in Hungarian  
3 Aug 91 p 4*

[Unattributed article: "More Than 100,000 Signatures in Opposition to Compensation Law"]

[Text] The Social Interest Reconciliation Council [TET] has gathered 112,863 signatures thus far in support of its initiative to hold a popular referendum aiming for a parliamentary review of the already adopted compensation law. At a press conference yesterday spokesman Ferenc Szalay said that the 43 member organizations of TET have been collecting signatures from citizens since 1 July. Responding to the great interest expressed by people they established an additional 100 places for collecting signatures nationwide, and the drive would continue until the end of August.

We learned that people were not opposed to compensation in general, but found the law objectionable from an economic, legal, and moral standpoint under the country's prevailing economic conditions. They believe that certain provisions of the law should be reviewed by the Constitutional Court. For this reason, simultaneously with the signature drive, they also filed a petition with that judicial body.

Present rules mandate the government to order a popular referendum based on 100,000 authenticated signatures. Despite this fact, in recognition of the high cost of popular referendums, TET representatives took the position of not necessarily wanting to force a proceeding of this nature. All they want is to make the representatives of various parties realize that significant strata of the populace disagree with their decision. TET wants parliamentary representatives to recognize that it is to their benefit to familiarize themselves with the views of the

greater public before passing various laws, at least on the basis of opinions expressed by interest groups.

#### **Smallholders, Cooperatives Discuss Compensation**

*91CH0810B Budapest NEPSZABADSAG in Hungarian  
5 Aug 91 p 4*

[MTI report: "New Land Distribution; Smallholders and Chairmen of Producer Cooperatives"]

[Text] "We must have a meeting of the minds in order to act, because Bekes County needs peace." This was the opening statement of Geza Zsiros, National Assembly representative and Independent Smallholders Party county chairman, at a Bekescsaba conference Saturday. Five hundred smallholders and producer cooperative leaders from various settlements in Bekes County took part. Leaders of producer cooperatives conveyed the same spirit at the function organized by the Smallholders to promote the successful implementation of the compensation law. One of them said that the compensation law had to be implemented in an honest way so that peace in the village could be preserved.

Sandor Tutos, chairman of the National Damage Claims Settlement and Compensation Office, spoke at the Bekescsaba Smallholders Party headquarters about compensation to be provided to former land owners, the acquisition of property, and about the rest of the issues related to the new land distribution. Among other things Tutos said that the duty to prove the gold crown value of land rested primarily with former land owners, and that they might be disadvantaged if they failed to do so. Speaking of auctions expected to start next spring Tutos said that it would be preferable for producer cooperatives and farmers not to wait for the auctions before they reached compromises, because conflicts would only be heightened in the intensified atmosphere of auctions. To prevent situations in which farmers wanting to own and cultivate land feel cheated, it is the duty and interest of producer cooperatives not to offer for bid [only] the weakest tracts of land.

The head of the compensation office reassured the chairmen of producer cooperatives that his office would inform them on time of land compensation claims filed in individual villages. In certain settlements virtually everyone intends to reclaim his land, therefore situations in which more land is claimed than what the local producer cooperative is able to satisfy will arise in quite a few villages. In such instances owners of compensation vouchers will also be able to purchase state-owned land, at that point irrespective of where they live or of the location of their original land. For the benefit of those who intend to keep their share of inherited land in one tract Tutos recommended that the heirs get together and request the land jointly. In regard to the bidding process Tutos also said that more than one auction would be held in the producer cooperatives and the designated tracts of land would be sold separately at different points in time. Bidders would have additional opportunities to acquire

land as a result. Concerning the requirement to cultivate the land Tutos noted that in due regard to the difficulties involved in selling the land, it might suffice to preserve the quality of land (for example, by applying pesticides), for farmers to keep their land in the form of waste land.

Supplementing Tutos' remarks Geza Zsiros said that they were proposing the establishment of information offices in every settlement. Smallholders, representatives of producer cooperatives, and land offices could use these offices to jointly assist those who claim land.

### Politics Seen Behind Newspaper's Dismissals

91CH0810C Budapest NEPSZABADSAG in Hungarian  
3 Aug 91 p 5

[Unattributed article including interview with Bela Weyer, former MAGYAR NEMZET economic editor; place and date not given: "What's Going On at MAGYAR NEMZET?"]

[Text] As we reported in our Thursday issue a new wave of dismissals has begun at MAGYAR NEMZET. After earlier notices of termination given to Andras Nyerges, Janos Budai, and Erzsebet Berkes, the dismissal of the latter was prevented, or at least delayed, as a result of a forceful stand taken by the editorial office. At present the editor in chief gave notice to the newspaper's editor for news and information, Dr. Laszlo Csaszar Nagy, as well as to its economic editor, Bela Weyer. These journalists have been terminated with an immediate effect. The deputy editors for news and information were also relieved of their duties on the same day. This step gained added significance because deputy editors Dr. Istvan Boros and Dr. Istvan Javorniczky served as cochairmen of the MAGYAR NEMZET Journalists' Foundation board late last year. Reflecting the majority view within the Foundation, for many months they opposed partial ownership of the newspaper by the French Hersant group, but in the end, consistent with the viewpoint that evolved in the course of negotiations, Boros and Javorniczky became signatories to the stock corporation agreement reached with the new owners.

The news and information column was blamed for adopting an overly critical attitude toward the government, according to reports.

Additional dismissals took place on the same day.

They gave notice to Vilmos Agoston, whom the present board of the Foundation elected by secret ballot. A writer and essayist, Agoston moved to Hungary from Transylvania, where he was imprisoned for a long time by the Securitate. Laszlo Dobszay, Agnes Balog, and reporter and dramatic critic Eniko Tegyi also received notices.

Cultural editor Gyorgy Szabo has been relieved of his duties in order to introduce a greater measure of efficiency in the operations of the editorial office. Beginning on 1 September Attila Kristof will be in charge of the column while retaining his position of deputy editor in

chief. Gabor Szenyi, deputy editor in chief, will manage the economic and information column under the same conditions.

The composition of the editorial board has also changed. The fact that two members of the board—Imre Csatar and Bela Weyer—resigned earlier had not been made public before.

The newspaper's trade union held a session on Thursday. It did not accept the personnel decisions made by the board of the stock corporation and requested a written explanation.

Some reports held that further layoffs were possible in the coming weeks and months. The situation of Laszlo Zay, the previous deputy editor in chief presently on sick leave, was also uncertain. Incidentally, Zay was one of those who initiated the privatization of the newspaper. Together with Jozsef Martin, who resigned in protest at this time last year and who was subsequently elected by secret ballot to become editor in chief of the newspaper, Zay was one of those who initiated an invitation for the return of Tibor Petho to the newspaper, and for his election as chairman of the editorial committee.

The editor in chief of the newspaper has already made initiatives to recruit new journalists. He invited poet and publicist Zoltan Czego of Transylvanian descent who thus far has worked in the editorial office of MAGYAR FORUM.

A complete picture of the situation includes the fact that during the past weeks and months quite a few journalists were retired, thus, for example, Dr. Andras Bartha, head of the letters to the editor column, who barely reached the age of 60, as well as Vilma Komor, Istvan Gabor, and Marta Sarvari, among others.

Imre Csatar and Bela Weyer resigned from the editorial committee to protest the dismissals of Andras Nyerges, Erzsebet Berkes, and Janos Budai.

### Bela Weyer's Statement

We managed to get in touch with Bela Weyer, the (former) economic editor of MAGYAR NEMZET, at his regular annual vacation.

[NEPSZABADSAG] In your view, were you dismissed as a result of a reorganization of the editorial office or because of your "inability to comprehend politics"?

[Weyer] I am certain that my "noncomprehending and immature" conduct is the real reason. This was also suggested by the fact that not too long ago I was harshly reprimanded because "we painted an overly dark picture of the economy" with reference to analyses prepared by Kopint-Datorg and the Financial Research Inc. And this kind of writing does not support the evolving government policy.

[NEPSZABADSAG] You are not alone, we understand. The newspaper is letting go of several of its journalists, or has already done so.

[Weyer] They gave notice to Erzsebet Berkes, Andras Nyerges, and Janos Budai about a month ago. Budai worked for my column; thus, I was rather surprised when I learned at a conference (after the fact) that he was no longer permitted to work with us. His crime was the "expression of extremist views," i.e. he continuously criticized the government and did not shrink from writing about tender invitation to reconstruct the Paks Nuclear Power Plant. He wrote things like this: The French offer is the worst, it was obvious that all they wanted to do was to export the bankruptcy of French environmental protection to Hungary.... Once I learned that two of my associations had been kicked out I publicly announced that I would resign my membership in the editorial committee. Interestingly it took weeks before my name was taken off the imprint.

[NEPSZABADSAG] Our yesterday's report also mentioned the name of news and information editor Laszlo Csaszar Nagy.

[Weyer] I am not surprised. Csaszi was one of the leading figures among those who adopted a "critical view" at MAGYAR NEMZET.

[NEPSZABADSAG] Why, what is the "outlook" of others at MAGYAR NEMZET?

[Weyer] They willingly serve any prevailing power at any time. They were the ones who by all means turned this long standing, the best newspaper into a newspaper supportive of the government. Forgive me for my bias! Insofar as my dismissal is concerned, I regret to say that these gentlemen are late. [HETI VILAGGAZDASAG] editor in chief Ivan Lipovecz and I have reached an agreement at the beginning of July to the effect that I would work for HVG after my return from vacation. Meanwhile events evolved in a way that Mr. Lipovecz was spared of having to write a request for my release.... Otherwise I am very pleased that NEPSZABADSAG succeeded in finding me during my vacation. Interestingly, my associates who worked with me on the column succeeded in accomplishing the same, and so did some newspapers that offered jobs. Tibor Petho and Attila Kristof were the only ones unable to find me. I would have learned from yesterday's NEPSZABADSAG that I have been kicked out if it depended on them!

**Official Urges 'European' Criminal Justice Norms**  
91CH0811A Budapest MAGYAR HIRLAP  
in Hungarian 2 Aug 91 p 5

[Article by Edit S. Molnar: "Any Citizen May Appeal to the European Court on Human Rights; Criminal Law Urgently Requires Transformation"]

[Text] Hungary must adjust its legal system, and within that its criminal law, to conform with standards adopted

by the Council of Europe. The country has been a member of the council for more than six months, after all. We asked Dr. Karoly Bard, Ministry of Justice deputy state secretary, about things that must done in regard to criminal law and criminal procedural law. A proposal on this subject was the topic of discussion at a conference held at the ministry last Wednesday [31 July].

Various standards of different weight prevail in Europe. The 1950 Treaty of Rome on the protection of human and civil rights stands out among these; respect for human rights is a condition for membership in the Council of Europe. Declarations contained in that treaty gain specificity as a result of judgments pronounced by the European Court on Human Rights, while permissive statements in other standards often lead to broad interpretations. This difference lends an exceptional character to the Treaty of Rome. We intend to ratify the treaty next year, thus a relatively short period of time is available to change our legal system so that it conforms with these pronouncements. We want to make possible for every citizen to file a complaint with the European Committee on Human Rights or with the Human Rights Court.

A comparison of the judgments of the Human Rights Court and our legal provisions in force already pointed out areas in which completion of the needed changes is unlikely in the near future. For example, today's state administrative organs prescribe "punishments" for the criminal destruction of property with damages valued at less than 2,000 forints. Hungarian law treats these offenses as rule violations. Considering their character, however, these acts are criminal acts and the legal consequences resemble punishments prescribed by criminal law. Court proceedings would be required in such cases under the practice adopted in Strasbourg.

The entire field of law involving rule violations is under review; nevertheless, it would be hard to imagine that these rules could be changed in a year's time to fully conform with the Strasbourg adjudicative practice. For this reason we could not rule out the possibility of having to add certain reservations to the treaty, accurately defining provisions of Hungarian law that, for the time being, would conflict with the treaty and with the related adjudicative practice. This approach would recognize the appropriateness of the Strasbourg court's position but would signal our intent to conform in the future.

A different kind of "adjustment" is required with respect to various Council of Europe treaties concerning criminal law. In essence, these treaties guarantee smooth cooperation between the criminal enforcement authorities and the courts of European countries. Supposedly, the government will discuss the matter of subscribing to the European treaties on extradition and legal aid in criminal cases, and on the mutual exchange of convicts within a matter of weeks.

The penal policy recommendations of the Council of Europe constitute a separate category. From among

these I would highlight the recommendation on serving sentences and on the legal standing of convicts. These contain detailed prescriptions concerning the housing of and health care for prisoners, and in general for the circumstances of holding a person captive. Our Constitution also prohibits the torture, humiliation, and inhuman treatment of captive persons. The government has already agreed to join the European Treaty Against Torture. This treaty differs from other similar international agreements in the sense that the treaty's control and enforcement mechanism is extremely effective. For example, the international committee that examines the situation of prisoners may perform unannounced inspections anywhere.

Of obvious interest is a Council of Europe recommendation that calls upon the member states to provide increased protection to the aggrieved and to victims of crime. Our criminal law policy regarding victim protection must also be reviewed. We must provide for the mitigation of damages suffered by crime victims and a state fund should be established to indemnify the victims of at least the violent crimes.

Learning about legal solutions that worked well in individual member states could provide substantial help in further developing our criminal law and criminal procedural law. In this regard I should mention the recommendation on simplified criminal proceedings, including mediation between the offender and the person who suffered damage. Such processes would relieve the caseload in courts and would give effect to the criminal law principle according to which, in many instances, a greater interest was attached to the quick indemnification of a victim than to the punishment of the offender.

We intend to submit to the Cabinet proposed amendments to the Criminal Code of Laws in September. These include provisions to change individual rules concerning life sentences. If adopted, the proposed provisions would provide more flexibility in sentencing repeat offenders and permit the appropriate exercise of judicial discretion—a departure from the senseless rigor of the criminal law policies of the 1970's. Rehabilitation rules would become more humane and more uniform, and, if accepted, the proposed amendments would stigmatize people who erred as having a criminal background for a shorter period of time.

Proposed changes in an unusual [as published] part of the Criminal Code of Laws recognize deviations that appear nowadays but which could have hardly occurred in a strictly controlled society. I have in mind here bomb threats or threats of causing some other catastrophe to schools and public institutions. These could paralyze an entire city district for varying lengths of time. Kidnapping is another matter. I feel that in this regard we must reassess the priorities of various protected interests, and human freedom, in addition to physical integrity, must receive increased protection. The growing spread of drug-related crimes requires a new approach streamlined

with other ministries. A more precise distinction must be made between the user—in many instances a sick person—and the dealer, i.e. the one who causes the illness and profits as a result. Distinctions must also be made in the fields of prostitution and pornography, and stringent measures are needed to deal with those who exploit and criminally implicate younger persons. In and of themselves, appropriate legal provisions do not guarantee a reduction in crime. A well-prepared, self-confident enforcement staff with accurate knowledge of its own authority is required in order to reduce the crime rate. A new law governing the police is urgently needed in order to accomplish this. We must clarify at last the limits of police authority, because today's situation produces uncertainties and leads to a further deterioration of public security.

Economic transformation also demands an appropriate response from criminal law. We must be careful however, in order to avoid situations in which the Criminal Code of Laws anticipates, rather than follows, economic changes; in other words, the code must protect market conditions that already have evolved. The related amendments may be expected to appear in about four or five months.

### **Marxist Diplomas Deemed Insufficient for Teachers**

*91CH0811B Budapest NEPSZABADSAG in Hungarian  
31 Jul 91 p 1*

[Unattributed article: "Teachers Who Completed Their Studies in Marxism—Qualification: Not Trained"]

[Text] A position statement issued by the nine-member expert college of the Hungarian Democratic Forum [MDF] raised excessive but not groundless concern. It deals only with teachers who completed their studies at the Marx-Lenin Evening College [MLEE], according to Attila Kalman, Ministry of Culture and Public Education political state secretary, in a statement to MTI [Hungarian Telegraph Agency]. Kalman explained that Ministerial Guideline No. 201/1990 published in Volume 35, No. 3 of MUVELODESI KOZLONY [Educational Gazette] provides guidance in this regard based on appropriate legal provisions. According to these guidelines, elementary school instructors must be trained teachers or educators. It then follows that those who studied only at the MLEE may be regarded only as untrained educators. Educators hired by intermediate educational institutions to teach general subjects must hold university degrees corresponding to the subject they teach. Accordingly, a person without appropriate training would not be permitted to teach in gymnasiums and in specialized intermediate schools, the state secretary stressed.

Situations could occur in some specialized schools, in which certain theoretical subjects (such as political economy) would be taught by persons who held papers



issued only on the basis of specialized training received at the MLEE. The MDF announcement pertains to these teachers.

Higher educational institutions make these decisions themselves based on their autonomy, the state secretary added. The ministry is aware of two instances in which word was spread about university professors asserting that all they had were MLEE degrees. These rumors were based on incomplete information. Upon checking these matters the ministry found that these persons received diplomas in philosophy through the correspondence school.

### Minister Surjan on Inadequate Public Health Care

91CH0815A Budapest NEPSZABADSAG in Hungarian  
5 Aug 91 p 7

[Interview with Minister of Public Welfare Dr. Laszlo Surjan by Agnes Federer; place and date not given: "Public Health Conditions Are Cause for Despair"]

[Text] Many believe that the staff of the Ministry of Public Welfare, charged with the implementation of health care and social policies, produced few results last year. We asked Minister of Public Welfare Dr. Laszlo Surjan to assess the ministry's work thus far and to tell us what changes we might expect in the future.

[Surjan] Looking back is somewhat strange to me, because the speed required in state administration does not permit a person to ponder in an armchair the events thus far. At the same time an occasional glance into the past may lead to course correction.

[Federer] Are you not disturbed by the frequent accusation that holds that no forward-looking change has occurred either in health care or in social policies?

[Surjan] Some people view the pace of work at the government as feverishly doing nothing. Moreover, even in ruling party circles one hears comments that nothing has happened in health care. Preparations for long-term processes are seldom accompanied by spectacular decisions. But hopefully the enactment of the law concerning public health officers represents a significant event from the standpoint of the public. This law established the State Public Health Service. Or, to mention another matter, I regarded the election of hospital directors throughout the country as very important.

[Federer] What would you expect to receive from Hungarian health care if you were not the minister but a "sick" citizen?

[Surjan] What everyone else would: An improvement in the people's health condition, because that is very bad at the moment; I could say it provides cause for despair. Unfortunately we do not have available the final results of analyses which show the reason for this. I can be certain about one thing: Several factors acting jointly—

the social situation, upbringing, way of life, environmental harm, the value system, and the image of the future—jointly exert an effect and determine our health. Thus only the real, deep-seated economic and social changes that can be felt by every person may produce an improvement. All this does not reduce the responsibility and role to be played by physicians and health care personnel.

[Federer] Should the structure of Hungarian health care be changed?

[Surjan] Of course, and as soon as possible. The basis for changes would be the oft-mentioned institution of family physicians; accordingly, the first serious change will occur in basic service provisions.

[Federer] Do conditions exist for all this?

[Surjan] Many feel that a performance-based financing of physicians cannot be introduced until an appropriate computerized background exists for basic service provisions. A physician's performance could be measured by the number of patients he was treating or the number of cardboard boxes he had in his office. On the other hand, it does make a difference whether his patients are young people with relatively few problems, or older people with many complaints. In the same way one cannot use the same yardstick to measure the performance of a physician who works in the plains in outlying farm areas with that of a physician who practices in Budapest. We would like to recognize competence at last, the number of specialized exams a physicians passed, and the hospital practice he acquired.

[Federer] What is the free choice of physicians or institutions going to mean?

[Surjan] Insofar as the choice of institutions is concerned we place authority in the hands of family physicians. They will be able to advise their patients where to go to obtain therapy. Patients could not tell which hospital would treat them with the best possible results. Patients could freely choose their family physicians and, in cooperation with him, the appropriate institutions.

[Federer] All this also provides an opportunity for "entanglement," i.e. there is no guarantee that the family physician does not refer his patients to acquaintances and friends.

[Surjan] A general practitioner who constantly "diverts" his patients to a professionally unwarranted field will sooner or later be abandoned by his patients.

[Federer] Will physicians be able to choose patients?

[Surjan] Only to a limited extent. They will be obligated to treat patients within their respective districts. They will not be able to say that "I will not see you because I don't like you." In the present system of institutional service provisions all patients go to institutions in which they are able to treat their illnesses at appropriate levels. To accomplish this a network of mutually supporting



institutions is taking shape and this is the foundation for progressive patient care. If someone finds himself outside of this network or perhaps wants to go to an institution in a different part of the country, he will be able to do so according to the new concept, but such patient will have to pay part of the expenses. This is so because the operation of the various divisions will be financed not only by social security, but also by local governments, and one cannot expect the local government of Győr to pay for the treatment of a patient from Nyíregyháza.

[Federer] The insurance system to be introduced shortly appears to disturb people. They do not know exactly how much they will have to pay and to whom.

[Surjan] All medical intervention needed for the preservation of health will be covered by already existing social security. Supplemental insurance policies will cover only the expenses needed for luxury services, such as a separate room or a telephone. Everyone will have a small card to prove coverage, in case of retired persons the pension voucher and in case of students a student document will replace the card. Some people are concerned that while they would receive aspirin on the basis of insurance, heart surgery costing several hundreds of thousands of forints would have to be paid from their own pockets. This is not the case; insurance will cover such operations hereafter.

[Federer] These are great plans, but what will happen to health care until something becomes a reality? I have in mind here the present financial situation of hospitals, which appears tragic.

[Surjan] In their candid moments hospital directors always admit the tremendous amounts of reserves that exist in health care. Institutions that have begun streamlining their operations will be able to survive this year with a lot of concerns, but without major problems. Unfortunately some hospitals still exist in which the leaders think in terms of help from the ministry, or from social security when patient services become threatened. One could call this extortion, even though they say these things in the interest of sick people. We investigate each case individually, and not without personal consequences.

[Federer] How do you react to proposals received for example from representatives that call for the establishment of separate health care and separate social welfare ministries instead of a single Ministry of Public Welfare?

[Surjan] These are unfounded from a professional standpoint. We feel that the two areas are closely linked. To make work more difficult in a period between elections when the state apparatus moves slowly by making a superfluous reorganization would indeed cause additional concerns.

[Federer] How does the ministry manage its budget, and can we expect to see a new health care or social welfare law in the near future?

[Surjan] The two sides, both health care and social policy, frequently protect their own budgetary interests from each other. We have more problems with social welfare subsidies than with health care because in many instances money is given to local governments without obligating them to spend these funds for given functions. On occasion they use these funds to finance entirely different purposes. A change must be made in this regard as soon as possible. Our work related to legislation is indeed important; to top it off we are short on time because we will be working in an entirely new system beginning on 1 January 1992. We must weigh things now as to what is most important for the start versus things that can be delayed, or as compared to other matters which can be regulated by decree.

### **One-Fourth of New Job Seekers Remain Unemployed**

*91CH0815B Budapest MAGYAR HIRLAP  
in Hungarian 27 Jul 91 p 5*

[Article by Szabolcs Szereto: "One-Fourth of Persons Starting Their Careers Remain Unemployed"]

[Text] A joint press conference was held Friday by the Ministry of Culture and Public Education and the Ministry of Labor concerning the situation of persons who start their careers and programs to help them find jobs. Ministry of Culture State Secretary Attila Kalman said that 160,000 young people had quit educational institutions providing daytime courses, and that this number was not overly high. What raises greater concern is the fact that one-third of these young people have no skills, almost one-fourth of those completing elementary school may be regarded as so-called functionally illiterate, and the number of children who find themselves in situations of multiple handicaps is increasing year after year.

Kalman said that the ministry would like to achieve by all means that every young person attends an educational program in an organized school until he or she reaches the age of 16. Only further education is capable of providing a future for those graduating from elementary schools; therefore, special classes will be started for these persons beginning in September teaching social skills in addition to specialized knowledge. Only 3,000 youths may take advantage of this opportunity. Labor State Secretary Ferenc Rolek stressed that the greatest concern was presented by finding jobs for unskilled youth. It will be possible to assess the true situation in September only because a majority of youth seeks work only after the summer vacation. According to their preliminary calculations one-fourth of the youth seeking work will experience long-term employment problems, Rolek said.

They are trying to improve their situation in several ways, in part through county labor affairs centers, and partly with the help of central programs. The county centers play an extremely important role because 60 percent of the employment fund has been decentralized.

One of the main functions of these offices is the gathering of information, thus they established a data bank in each county to register vacant positions within the respective regions. In addition, these centers may help persons starting their careers by granting subsidies to employers, through retraining courses, and by organizing public service work projects for the young. Central subsidies manifest themselves in the form of calls for competitive applications: Various groups of youth are

helped by various types of competitive announcements. This form of support may provide a solution for between 10,000 and 12,000 people at the start of their careers.

The press conference was also told that the ministry was endeavoring to ameliorate the job placement possibilities of handicapped children by offering special training programs.

**PAX-Based Party on Aims, Peasant Coalition**

91EP0647A Warsaw LAD in Polish No 28, 14 Jul 91  
pp 3-4

[Interview with Maciej Wrzeszcz, chairman of the Polish Christian Democratic Forum (PFChD), by Maciej Letowski; place and date not given: "A Guest of LAD: The Christian Democracy Option"]

[Text] [Letowski] You said at the meeting of the PAX [Christian Social Association] general board on 16 February: "The historical path of PAX as a political grouping is coming to an end—a path of far-too-reaching compromises with the totalitarian system. Our party is not going to be a continuation of the history of the PAX movement." Looking from outside, this reversal has an almost sensational character if we consider the formative work pursued during several decades in the style of Dmowski and Piasecki. As usual in such situations, the question of the reliability of such a decision is raised. Simply put, can devoted National Democrats in one day become devoted Christian Democrats?

[Wrzeszcz] The reliability of the party, in the true sense of this word, can be achieved only by consistent actions taken over a longer period of time. This is why the final verdict of public opinion is still ahead of us. Today I can talk only about the premises and genesis of our decision. It is true that for a long time the national line, and people following the radical national traditions, dominated in PAX. But there were people in the party who had a different point of view. They came to PAX because of personal, Catholic, and social motives, and because there was no other way of accomplishing their political goals. PAX institutions gave, for example, the graduates of the Catholic University of Lublin or the Catholic Theological Academy possibilities of finding jobs in accordance with their education and professional interests. PAX opened for them the perspective of internal freedom. Of course, this freedom was at the price of a certain political attitude of the leaders. This attitude was not always accepted, and it caused many people who are familiar in the history of the organization, to leave. Others stayed and tried to fight for their own attitude within the movement. While proposing for discussion the Christian Democratic option, we evoked first of all this social, Catholic, personal trend of thinking in the history of PAX.

[Letowski] One of the proofs of reliability of such a crucial ideological and political reorientation is the occurrence of a sharp dispute, and sometimes even an internal conflict. When the whole organization from day to day changes its banners, this is a good sign of its coherence and dispositional abilities, but it does not speak well for its attachment to old values. From outside, I have an impression that the reorientation in PAX was achieved too easily. But maybe I am wrong?

[Wrzeszcz] Indeed, for some time we had a dispute inside the organization, as it were, and then at a certain moment we decided to announce it publicly, even in *The*

*Common Word*. The majority of my colleagues believed that we should have come to terms inside the party, and then come up with a program already agreed upon between us, especially when others around us quarrel and split. Was it the right thing to do? I cannot say. But this was the reality. Maybe the history of PAX, an organization that is sensitive to external infiltration and internal attempts at disruption, influenced this process. But against all appearances, acceptance of the Christian Democratic option was achieved neither easily nor quickly. This choice was made in conflict with those whose origins are in the prewar radical national movement, and in conflict with that part of younger political workers who are oriented toward the modern nationalist movement, with quite an extreme orientation. The dispute was sometimes very hot. When it comes to us, we tried to ensure that the choice made would be authentic, well thought out, and chosen by most of the members of the organization. Even a year ago, or one and a half years ago, selection of the Christian Democracy option was not definite. Some claimed that Christian Democracy has no chance in Poland, and that the future belongs to the national movement. But for us, choosing the Christian Democratic path does not mean resignation from Polish patriotism, understood in a modern and creative way. In its convictions, Polish Christian Democracy will count for something only when it will be definitely Polish and patriotic; this does not mean, of course, nationalistic, xenophobic, or anti-Semitic. This point of view was shared by the majority of my colleagues from PAX; it helped the newly created party to accept finally the Christian Democratic option, because it did not mean the rejection of everything to which the members were attached. Only the nationalist, radical, extremist current does not agree with us. Such a current comes into clear conflict with Christianity and the social teachings of the Catholic Church.

[Letowski] Aren't you afraid of a counteroffensive from the followers of the radical national current or the silent sympathizers of the postcommunist forces, who can still be found in PAX?

[Wrzeszcz] I cannot see in PAX, still less in Polish Christian Democratic Forum, any followers of the postcommunist forces. Those who remember personally the days of the worst mistakes in PAX have already retired. It is also worth remembering that PAX was always, despite its cooperation, in some conflict with the Communist government. Some internal conviction that we fight with communism over values, on its territory, existed in the organization. I leave aside the question of how this conviction was always viewed outside. Today both PAX and the Forum are consistently involved in the fight with the relapse of influences of any leftists, both postcommunist and post-Solidarity. We are at the opposite pole from this kind of thinking, and we give evidence of this in concrete political actions. As far as the danger of the relapse of the tradition of the radical national movement, in PAX or in the Polish Christian Democratic Forum, is concerned, I think that it does not

exist because reality itself pushes the followers of this orientation to the fringes. In Poland, this orientation was briefly attractive when, after the period of exceptional suppression, it could be freely manifested. Today one can notice more clearly the weakness of its concrete program proposals. Where do they lead? To the lions' den, from which there is no escape anymore. Our organization understands this very well. We believe that the Christian Democratic option, with its clear Polish and patriotic aspects, is our optimal choice. This opinion is shared by the vast majority of the movement members.

[Letowski] The decision about the reorientation of PAX was made only in February 1991, and thus almost two years after the roundtable and after the 1989 parliamentary election. Why so late? The Forum was established as one of the last Christian Democratic parties. Why did you create a new party, instead of joining with one of those which already existed? Does your decision not deepen the already excessive dispersion of the Christian Democratic movement?

[Wrzeszcz] We could not find, among already existing parties, a partner whom we could join. We wanted also to escape a situation in which eventual partners must cooperate with a movement that has many debts, and a past which needs to be explained away. We wanted to create a political movement with a new, clean face. This is why we had to confess openly to the church where PAX lost its way. In this sense, the reorientation of PAX began in the fall of 1989. It also was not easy because many local leaders, who were unusually honest, and involved in social and parochial activities, did not have a need for self-explanation because they did not do anything wrong. In their case, this really was the truth. But political mistakes made by the officials of PAX required naming them if we wanted to achieve the reliability about which you asked at the beginning. From this point of view, nearly two years is not a long period from the moment that started a great process of change until the establishment of the new party, with people who have never been in PAX and who are in the Polish Christian Democratic Forum by external choice, in regards to those old conflicts.

[Letowski] What place on the political map of Poland does the Forum want to occupy? At the beginning, I noticed a kind of flirt between the Center Alliance and the Forum.

[Wrzeszcz] From the start, we declared ourselves for the Presidency of Lech Walesa very clearly, and we took a critical view toward leftist tendencies in the Tadeusz Mazowiecki government. This, in a natural way, brought us near the Center Alliance, which was not a uniform party at that time. We value these contacts very highly. Jaroslaw Kaczynski was one of the Solidarity leaders, maybe even the only one, who openly noticed positive things as well in the history of PAX; he did not cut us off from the possibility of working in the new circumstances. Today the Center has become a centralized political party; we, on the other hand, would like to pass

through at least a part of our political evolution as an independent organization. Of course, as an organization open to alliances and agreements in the future.

[Letowski] You emphasized a strong attachment to national and patriotic values. Does this not bring you closer to the Christian National Union?

[Wrzeszcz] Of course, there are similarities between our organizations, but there are also differences. I see unification of the Christian movement from a Christian Democratic perspective, rather than from a national one; some problems we emphasize and state in a different way. Nonetheless, we met with the Christian National Union within the so-called Wilanow alliance, and we value our contacts highly.

[Letowski] The Forum supported the initiative of organizing the Polish Congress of Christian Democracy. Are you going to get more actively involved in this particular initiative? Do you think that the Congress has a chance to become the dreamt of, great Polish Christian Democracy?

[Wrzeszcz] I do not know the answer to this question. It should be addressed to the organizers of the Congress, and especially to its initiators. A positive answer to this question will depend on how much this initiative will be open and partnerlike toward all the Christian Democratic organizations. I very much would like it to happen.

[Letowski] Does the Forum reserve for itself another integrational option besides that of the Congress of Christian Democracy?

[Wrzeszcz] Right from the beginning we declared ourselves for the idea of the Congress very clearly. I expressed this in a speech during its first meeting. We retained an observer status, however, for various reasons.

[Letowski] The Forum takes a very active part in the preparations to the creation of Christian election alliance (the so-called Wilanow alliance). What are your goals for this coming election?

[Wrzeszcz] Fundamentally, we strive to see that the future Sejm, which will be based on the Constitution, will not be dominated by the left; to ensure that the Christian Democratic and patriotic orientation dominate in the Sejm; and that this orientation will be able to choose a stable majority and government that in difficult circumstances will have to continue the Polish reforms. Our particular goals are included in this larger plan. If the final crystallization of the Wilanow alliance will come true, we would actively participate in it, and give to the future Sejm representation our best leaders, most of all from the younger generation, these without a corrupted past.

[Letowski] The election is coming soon, and one can see from the surveys published in the press that the Christian Democratic orientation is missing among the many different ideological currents. Christian Democracy still

is not considered by public opinion to be an important political power. Isn't the work on the alliance going too slow?

[Wrzeszcz] I would like to say something optimistic on this matter but I cannot. I agree with you. To tell the truth, I attach weight to the surveys only for orientation, because very often they are an instrument in an election campaign that is already under way. But it is true that we have only a little time to show the voters Christian Democracy as a solid whole. This delay can have negative consequences in the election campaign; this is why in the alliance we declared ourselves for, let us say, acceleration.

[Letowski] What kinds of election coalitions can Christian Democracy have? [With the] peasant movement, it should be clear. But much points to the fact that a wide bloc of post-Solidarity groups might be created: from the Center Alliance to the Democratic Union. This idea is born from the feeling of weakness in all those political formations. If this happens, and such a bloc will come into existence, then how should Christian Democracy react to this?

[Wrzeszcz] The alliance of [our] dreams is an alliance of Christian Democratic forces together with the peasant movement; we pointed in this direction from the beginning. Unfortunately, divisions in the peasant movement can weaken it very much. I look at these events with sadness and concern. The formation of a Solidarity alliance that you mentioned would be a very disadvantageous development for Poland. It would mean that political options do not count, that the nascent party structure does not count, that only the interests of some circles or of the veteran dissidents, which dictate a tactical alliance for the election period, count. Let's not have any illusions that with the existing differences it could survive longer than the actual election. I hope that such a disturbance in the process of creating political parties will not take place, because there is no other recipe for democracy but the formation of strong political parties.

[Letowski] Critics of the Wilanow alliance say that this is an initiative dominated by the church, formed under the church umbrella, and inspired by the church. This is stated in different ways, but the intention is always the same. How real are these objections? What should be the role of the church in public life, and what should be the relations between the hierarchy and the nascent Christian Democracy?

[Wrzeszcz] This type of criticism comes from the same sources that would like to forbid the church to express its opinion in social matters, which would like to close the church in some new cloister or reservation, and to create public life without it. I am not a fan of clerical or fundamentalist solutions, but I think that the church should have a full-fledged place in our public life, and in the Third Commonwealth we should base a solid foundation of education, public morality, and law on the

Christian ethic. Of course, it would not be right if the church itself created and propagated some political parties. But if the church, with the present splintering of Christian groups, only tries to give moral stimulation toward unity, I cannot see anything wrong in this. It is very interesting that the same people who today so criticize the church for this, themselves took advantage of its enormous assistance until recently. Then, they considered it to be natural; but now, when the church gives very discreet, moral assistance in bringing together the Christian groups, the voices of criticism and indignation start up. Let us not forget that in other European countries, where there are strong Christian Democratic groupings, this stimulation also comes from the [church] hierarchy. This is a natural process. So we have nothing to explain, or to be ashamed of. The church has a clear vision of its place in public life after the [Second Vatican] Council, and there is no fear that it would want to erect some theocratic political reality.

[Letowski] Thank you for the interview.

### **Zygmunt Metallurgical Enterprise Privatized**

91EP0613A Warsaw RYNKI ZAGRANICZNE in Polish No 81, 6 Jul 91 p 8

[Article by (hen): "A First in Metallurgy; Zygmunt Is Being Privatized"]

[Text] The first metallurgical enterprise in Poland that embarked upon the road to privatization was the Zygmunt Steelworks in Bytom. As of 11 June, it became a wholly owned State Treasury corporation. In fact, the government had made the decision about restructuring the Katowice Steelworks into the same type of corporation earlier; however, unlike Zygmunt it has not yet been entered in the court register. The minister of industry announced that two steelworks, Zabrze and Pokoj, would undergo commercialization in the near future. These two have been preparing for this for quite some time. It is no mistake that precisely these four have found themselves at the helm of those enterprises which have begun the privatization process. Zygmunt and Zabrze are steelworks in name only. They mainly manufacture machinery and equipment for the iron and steel industry, foundry industry, coking industry, and others. They are in a relatively good economic position. They have been preparing for privatization for a long time. The Pokoj Steelworks is mainly involved in processing, and in comparison with the others it is also doing well financially. The Katowice KM [Metallurgical Enterprise], on the other hand, because of its size and the fact that it has been modernized, has decided to undergo privatization because under the former system it was threatened with bankruptcy. The steelworks has been experiencing great difficulties for several months now. Preparations for privatization had been undertaken at the Zygmunt Steelworks as early as last summer. A poll was taken among the workers and over 60 percent of them voted for starting the privatization process. A majority of those who voted chose the State Treasury

joint-stock company option. In the opinion of the plant management, there is no turning back privatization. Sooner or later it must come to this, and those who privatize quickly will have a better chance of obtaining foreign capital. Western firms are avoiding discussions and commitment of their capital in state enterprises. The enterprise, in turn, needs a massive influx of capital for modernization and upgrading of production so that its goods can become competitive on foreign markets. Commercialization and privatization gives the enterprise the ability to concentrate its efforts on marketing studies and to seek out new markets. Under the new organizational system there is a chance for better utilization of production potential and export development. Capital stock has been divided into 2,100,000 shares of stock. The nominal value of each share is 100,000 zlotys. The first

formal legal stage in existence for several months is already behind the steelworks. Currently, an ongoing plan is being developed together with the State Treasury, which is represented by the privatization minister. The most important thing now is to make the firm as attractive on the market as possible. The process of adapting to conditions dictated by the global free market economy awaits the enterprise. This concerns, among other things, accounting records and structural organization. Currently, it is difficult to predict when shares will be issued and sold. To a large degree it depends on how quickly investors willing to invest capital are found. Many foreign firms with whom the steelworks negotiated have declared their intentions to buy a certain number of shares. The steelworks wants this to take place as soon as possible.

### Israeli Ambassador on Present, Past Anti-Semitism

91BA1027A Bucharest *TINERETUL LIBER*  
in Romanian 10-11 Aug 91 p 3

[Interview with Tzvi Mazel, Israeli ambassador to Romania, by Anca Munteanu; place and date not given: "In the Small World in Which We Live, the Only Solution Is Good Relations"]

[Text] [Munteanu] Mr. Ambassador, there is currently a lot of talk of a Middle East peace conference planned for October, although not all the obstacles preventing it have been removed. In any event, the Shamir government has given its accord, albeit a conditional one. What do you think, will this conference take place?

[Mazel] I hope it will. Because all we have wanted, ever since Israel became independent, was to sign a peace with our neighbors. This time there are many chances that the negotiations will be serious. As you know, the conference will last one to one and a half days, after which direct bilateral negotiations are planned to begin with the states bordering Israel. The level of representation is still not known, but the participants will include a Syrian delegation, a Lebanese delegation, and a Jordanian-Palestinian delegation. So there will be delegations from the neighboring countries and now I hear that contacts are underway with Gulf countries, Saudi Arabia, Kuwait, and the Maghreb countries in northern Africa. All the Arab countries must participate in this conference. You see, they are all at war with Israel, because they declared war against us 20-30 years ago. Of course, we never had any direct confrontations with those countries because geographically we have no contact with them, but we will have to first discuss and negotiate peace declarations if we are to have normal relations in the future.

[Munteanu] The idea of such a peace conference does not go back two weeks, but to about the mid-1970's. So far, Israel has refused to attend such a conference. Why is it agreeing now?

[Mazel] Because now we are talking about a different conference than the conference that was possible a few years ago. This is not an international conference aimed at settling the Israeli-Arab conflict as a whole. This is a regional peace conference, scheduled to last one day and to rally all the countries involved; after that meeting the conference will cease and will be replaced by direct bilateral negotiations between Israel and each of its neighbors.

[Munteanu] Which is what Israel in fact always requested....

[Mazel] Precisely. We maintained that it was impossible to settle everything as a whole, because our problems with Syria are different from our problems with Jordan or the Palestinians; the specific set of problems must be resolved with each one separately, as we did with Egypt.

So we are not talking about the kind of international conference that was discussed years ago, but about the solemn opening of negotiations between Israel and its neighbors under the aegis and with the participation of the United States and the USSR.

[Munteanu] Do you think that UN Resolutions 242 and 338 will stand at the basis of those negotiations, or will other criteria be discussed?

[Mazel] Absolutely; these resolutions exist and were accepted by the Security Council, so we will have to see how they are to be implemented with each of the neighboring countries.

[Munteanu] Do you see any possibility that this conference will generate a new Camp David and if so, which of the Arab countries may be the closest to such a historic step?

[Mazel] We must clarify what Camp David was. Camp David was the point of departure for a peace process between Egypt and Israel. It finally brought about a peace agreement with Egypt, but let us not forget that it was preceded by President Sadat's visit to Israel; it was thus an extremely important peace action initiated by Israel and an Arab country and, aside from the peace agreement with Egypt, we decided to grant autonomy to the Palestinians. I think that by now that is already behind us, because the path has already been opened up. Egypt has demonstrated that peace with Israel is possible and that is why I hope that we will be able to achieve peace with Syria, Lebanon, and Jordan and that together with the latter we will be able to settle the Palestinian problem, too. We will negotiate with the Palestinians living in Israel, with whom we wish to arrive at agreements allowing us to live in peace and guaranteeing a peaceful, nice coexistence.

[Munteanu] Let's go one step further. Israel stated that it will not accept the participation of the USSR in the Middle East peace process before the diplomatic relations which were broken in 1967 are restored. Does it mean that by October the USSR will renew relations with the State of Israel, or has the Israeli side given up that condition?

[Mazel] No, there is no doubt that even outside the peace process, the USSR must restore its relations with Israel. In the small world in which we live the only possible solution is good relations. We have renewed consular relations with Moscow and if we are to believe the statements made by the Soviet authorities, the rest will come in the fairly near future.

[Munteanu] Mr. Ambassador, since I find myself here I, cannot resist the temptation to ask a question that does not necessarily bear an obvious connection to the Middle East. Unfortunately, there is currently quite a lot of talk abroad, in the press and elsewhere, about the Romanians' alleged anti-Semitism. I must tell you that most of us are shocked by these assertions and more than a few of us perceive them as an injustice. You have been in

Romania for a few years now and I think you were able to form your own impression of us. Do we seem to you as anti-Semitic as all that?

[Mazel] No, I don't think that there exists a pronounced anti-Semitic tendency here, I'm sure there isn't. On the other hand, it cannot be denied that over time there has been an anti-Semitic bias in Eastern Europe: Poland, Hungary, and even Romania. These are prejudices that go back a long time and that are based on ignorance, because what in fact is anti-Semitism? Is it a decision that a certain nation has to be hated? There is absolutely no sense in it; however, because of certain historical distortions, the Jewish people repeatedly found themselves cast as the scapegoats. And of course the climax was the holocaust; the destruction of over 6 millions Jews, many of them from East Europe, did not come out of nowhere. We hoped that after all the horrors of the war people would understand and would distance themselves from all the prejudices of the past. But it seems that old "traditions" do not disappear so readily. I have observed that simultaneously with perestroyka and the new freedom in East Europe there has also been a revival of anti-Semitism, this time linked to nationalism, but to an extremist nationalism leading to fascism. I would even go as far as to say that anti-Semitism is a symptom that, as it deepens, can lead to fascism, and that is why it must be very carefully examined by both the authorities and the public. After the December revolution I noticed a recrudescence of anti-Semitism which, while not extreme, is nevertheless a phenomenon that cannot be ignored. Certain publications have begun to carry very primitive articles against the Jews who allegedly wanted to conquer the whole world, and other such idiotic statements. Then came the magazine ROMANIA MARE, which became the mouthpiece of anti-Semitism in Romania.

[Munteanu] You know, there are more than 1,400 publications in Romania....

[Mazel] I know, but the fact that week after week ROMANIA MARE deliberately drips some poison into people's minds, relying on the existence of a dark, subconscious anti-Semitic tradition that was on its way to disappearing after so many years since the war, is serious. And a few months ago EUROPA appeared, which is a genuine catastrophe; this magazine devotes considerable space to the desecration of Judaism, of the Talmud, and of everything that is holiest to us. Frankly, I don't think that any Romanian would have put up with such a publication if it had appeared in Israel and had written the same sort of things about the Romanians. So it is only natural that the Jews should not want to tolerate such a situation. When these two publications came out, we noticed a certain embarrassment, a certain inhibition on the part of the press. Of course, later they did react; but I think that all the newspapers and magazines, the intellectuals, the trade unions, all the viable forces of the nation, and the political parties must say aloud what they think, because that is the only way to isolate these extremist publications and to let them know how petty

and insignificant they are. And if the government will find that the majority of the public is with it, it will be better able to act. Anyway, it is currently obvious that the newspapers are reacting and are promptly censuring such deviations, as is the case in every democratic society. And don't forget that this is the only way to protect democracy against fascism.

[Munteanu] I was telling you that generally the Romanians react with shock at being accused of anti-Semitism, because most of them have normal feelings and sympathy toward the Jews. Many helped them during the war, hid them, and behaved like brothers, but now they have to suffer accusations for what happened in the country during the war. We know that Marshal Antonescu did not send Jews to extermination camps, as was the case in Hungary or Poland, let alone Germany.

[Mazel] Just a second, here! There are a few issues of which people are not aware, which were not told under communism, and therefore must be said. First, I was telling you that the Romanian press is showing a certain discomfort about ROMANIA MARE and EUROPA. At the same time, foreign publications and press agencies reported week after week what was being written in Bucharest and wondered why there was no public opinion reaction. We live in an open world in which what happens in one country is immediately reported everywhere. American, British, French, and Italian newspapers, wondering why the Romanian press and the Romanian public were not reacting, concluded that there must be extreme anti-Semitism in the country. Something that is evidently not so. I am explaining to you how this conclusion was reached. The second issue concerns Marshal Antonescu: I think that many things are not known, understandably in fact. Anti-Jewish laws existed in Romania since 1938-39, on the basis of which property was expropriated and Jewish children were no longer accepted into schools; as for Marshal Antonescu, you must know that as Hitler's ally he ordered the expulsion and destruction of the Jews of Bessarabia. In 1939 there were 350,000 Jews in Bukovina and Bessarabia; only 50,000 were left after the war. Consequently, some 300,000 were killed by the Romanian Army in atrocious ways—women, children, and old people were shot or pushed into the Prut River—while others were deported to Transnistria, all the way to Odessa, where they were burned to death, again by the Romanian Army. There exist undisputable documents about these atrocities, which of course were not publicized here during the communist period, but they exist. Each nation has its lights and its shadows and they have to be known regardless of why they happened. As for deportations to camps, they had already been prepared by the beginning of 1943, but the leaders of the Jewish community—Fliderman and Safran—appealed to Queen Mother Elena and to the king, who managed to persuade Antonescu not to carry out those plans. In fact, the situation on the front was going badly, so that in the end the plans were given up. From that point on it is true that Jews were being deported to Auschwitz from Horthy's Transylvania and that many of them tried to save their lives



by escaping to Romania. That fact is as true as are the others. So there were good parts and bad parts. All we want today is that people in Romania know exactly everything that happened, so that they can make an educated judgement, not off the top of their heads. That can be beneficial to all of us.

[Munteanu] There is currently anti-Semitism in other excommunist countries—Poland, Czechoslovakia, and Hungary—and even more violent than in our country, don't you think so?

[Mazel] Of course, there are problems in every country. Except that we in Israel love the Romanians and people there don't understand what is happening here. Anyway, I am convinced that as the truth is increasingly better known, the situation will improve.

### Current Status of Independent Television Efforts

91BA0976B Bucharest "22" in Romanian  
26 Jul-2 Aug 91 p 7

[Article by Nicolae Balta: "Private and Independent Television—History and Prospects"]

[Text] The National Federation of Radio and Television Stations in Romania was established on 28 September 1990 as a first action to coordinate and merge efforts in that direction. Efforts made extremely difficult and exhausting—not to say painful—by the systematic resistance of an abusive government which was only too aware that its "legitimacy" was overwhelmingly due to the mesmerizing propaganda conducted primarily through exactly these mass media resources. Despite this, a meeting on the management of the frequency spectrum was held in October between the Federal Communications Committee of the United States Congress (frequency allocation committee) and Romania's Ministry of Communications. In the months that followed, two audiovisual projects were analyzed and rejected. In January 1991, SOTI [Company for Independent Television] held its first press conference; in February, the Federal Communications Committee initiated preparatory courses to establish television stations in Iasi, Brasov, and Cluj.

A seminar on radio, organized by the International Media Fund and the National Association of Broadcasters, is scheduled for 26 to 30 August; it intends to offer free courses to university graduates (and intermediate education) for starting radio stations. The topics will cover commercial broadcasting, news, programming, and production. In October 1991, Romanian representatives of Independent Television will travel to Strasbourg as part of the European meeting of local television stations. SOTI's equipment modules are expected to arrive in Romania this fall. Northeastern University has supported the establishment of three more local television stations in Iasi, Cluj, and Brasov, which have not yet come on the air due to delays in the

arrival of broadcasting equipment. A French radio station, "Nostalgie," will soon be broadcasting from Bucharest.

Following is an attempt at "mapping" the local independent television stations throughout the country:

- Independent TV Oradea (Str. Parcul Traian 10), managed by N. Moranciu;
- Independent TV Timisoara (Str. Aries 19), managed by Ionel Marchis and Marian Odangiu;
- Independent TV Brasov (Str. Oltenita 8), managed by Adrian Ureche;
- Independent TV Canal 7 Baia Mare (cable);
- SOTI Bucharest (Bdul G. Cosbuc 1), managed by Laurentiu Tripcovici (vice president);
- SOTI Iasi (Str. Nicolau 4), managed by Ticu Isari;
- SOTI Constanta (Aleea Albastrelor 14), managed by Valeriu Mereuta and Alex. Dragoi Marian;
- RTVR Timisoara (Str. Pestalozzi 14A), managed by Mihai Junea.

There are three more local television stations which we list only for informational purposes; they are still not broadcasting, for unknown reasons. They are:

- TV Deva (Str. Piata Unirii 4), managed by Alex. Cimpeanu;
- TV Pitesti (Piata Vasile Milea 1), managed by Ion Eftimie;
- TV Sibiu (Str. Rahova 20), managed by Dan Toader.

The history of the creation of an Independent TV system (stations) thus proves to be incomparably more turbulent than the establishment of the press. This is natural, considering the specific nature of each medium (in addition to the reasons discussed earlier); its prospects appear to be consistent with its beginnings. In practical terms, it was possible to establish only local television stations (with a limited transmission range; "coverage" of the country's territory requires connection to the Bucharest TV network, which can be achieved only outside of the daily programming, which means late at night or during some afternoon hours). "Independent voices" as well as—and especially—-independent ideas thus remain isolated. The prospects however, are somewhat more encouraging. The hope for breaking out of isolation and achieving a transmission range equal to and therefore competing with the present TVR, rests with SOTI. It has been said that one month of broadcasting for several hours per day, free of the government's power, would completely and forever shatter the credibility of the current "Bucharest administration." Unfortunately, those in power know it also, and too well.

### Views of Parties Opposing Privatization Bill

91BA0976A Bucharest "22" in Romanian  
26 Jul-2 Aug 91 p 2

[Article by Horatiu Pepine: "In Lieu of a Parliamentary Report"]

[Text] Theoretically, the boycott of the Privatization Law initiated last week by 10 parties and parliamentary

groups cannot prevent its passing. Either the Chamber or the Senate can easily adopt any decision in the absence of the opposition, since according to regulations laws can be passed by one-half plus one of the members. The withdrawal from Parliament of the parties which signed the Convention for Democracy had become imminent at one point, but it did not take place because the FSN [National Salvation Front] would have pursued its glorious march, hastening to approve anything that was placed before it. The boycott alternative had always been considered, but the problem was to clearly assess its effectiveness.

The situation created this time has broad political implications, because a law of this magnitude cannot achieve real legitimacy without at least an agreement in principle from all the political forces. The Privatization Law could become the law of a single party, and aware of this danger, the FSN could attempt a compromise solution.

Boycotts have already been carried out (we remember the UDMR's [Democratic Association of Hungarians in Romania] withdrawal from the Senate when the National Insurance Law was being discussed), but last week we witnessed an unprecedented situation. Aligned alongside the traditional opposition are the PUNR [Romanian National Unity Party], Nica and Somcu's Democrat Socialists, and—another surprise—the FSN-20 May Group. The latter are very little known, and the surprise is due solely to a distorted image public opinion has of them. Far from representing the Front's left wing, as those whose interests it served deliberately let it be understood, the dissident group includes liberal thinkers who are nevertheless concerned by social protection considerations. Representative Danut Fleaca has told us that in their view, social democrat politics are used only after a stage of firm liberalism. The arguments they have raised against the Privatization Law were among the most precise and reasoned ones, but essentially identical to those of the conventional opposition.

If we consider what happened last week, the word "opposition" has lost its earlier meaning, since almost all of yesterday's satellites have revealed themselves to be against the FSN, while the UDMR has left its former allies to place itself in an ambiguous position. The Liberal Party-Young Wing has embraced the FSN cause in the hope of participating in the government, and has teamed up with the Agrarian-Democrats. Dinu Patriciu is anxious to sit in a ministerial chair, and declares that good or bad, the law must be passed as soon as possible. Following these migrations, I believe that we can find only two invariables in Parliament: on the one hand, the PNT-cd [National Peasant Christian Democratic Party]/FSN, and on the other, the UDMR/PUNR, which steadfastly find themselves in different camps.

This is a good opportunity for us to say a few more words about a party that we have mostly ignored due to its nationalist shrillness. The National Unity Party has recently intensified its activities. A motion asking the government to support striking medical personnel was followed by an appeal regarding the closing of the

Kozlodui nuclear power plant, and on 10 July the party presented to the Standing Bureau of the Chamber of Deputies a draft law that would give pensions on request to those who have worked for 25 years (women) and 30 years (men), independent of their age. The reason: Many young people (high school graduates) are on the verge of unemployment, professional disqualification, and social alienation. During the same period, the PUNR negotiated to participate in the future coalition government, placing their claims for the Ministry of Internal Affairs and the Ministry of National Defense. These claims must have appeared exaggerated or unreasonable, and as a result the FSN has acquired a new adversary, at least for the short term.

For the government party, the balance is alarming: Except for those it drew into the power game, nobody supports the government's latest project, and the question is whether the FSN will be able to fulfill its responsibility of passing this law under these conditions. We might add that the UDMR presence at the debates has not been unconditional; it discreetly professes majority affiliation and great receptivity to the proposed amendments, but reserve the latitude to vote against them.

The fundamental problem is that the privatization project for commercial companies proposed by the government in the extension of Law 15/1990, provides for the development of five private property funds (FPP) which will add up to 30 percent of the assets of commercial companies, and of a state property fund (FPS) for the remaining 70 percent; these funds are also the major point of litigation. The parties and parliamentary groups responsible for the boycott have maintained, for good reason, that the new institutions create a huge bureaucratic machinery whose real interest is its own subsistence, and which will therefore be predisposed to hinder the privatization project. An institution that would act toward its own extinction would certainly be a paradox. Deputy Varujan Vosganian, a very perceptive economist, examined this structure in detail, demonstrating that the law will ultimately succeed in maintaining the types of relationships that existed under socialism: excessive centralization and fictitious private ownership. Even admitting that the ponderous mechanism devised by the government will operate, it will transfer only very little to the population; given the galloping inflation, the 30 percent of assets calculated at the time Law 15 is enacted is now three times less.

This privatization project is not the only one: Alternative projects from the UDMR, the PNT-cd, and the FSN-20 May Group have been logged by the Standing Bureau of the Chamber. The major difference between these projects and the government's is that they avoid the huge bureaucracy of the six funds, offering simpler forms of direct privatization. The opposition has therefore asked that a special commission, which would

eventually include the unions, analyze all the alternatives to produce a unanimously acceptable generalized format. It is after all not just any law, but one that is of decisive importance for overcoming the crisis and consolidating democratic institutions.

It is not fortuitous that the FSN-20 May Group has split from the party, which is pervaded by a stifling atmosphere of ignorance and self-importance, and in which it is difficult to establish a dialogue. As if deaf to any arguments, the majority group responded to strictly economic arguments with accusations and insinuations. We have learned for instance, that those who question the project's quality are devoid of patriotic feelings, and it would not have surprised us to hear that they were enemies of the people. Mr. Mihut regretted that one of

his oldest wishes, that of placing at the entrance to Parliament a marble slab inscribed with the words: "Enter here only those who love their nation!", could not be fulfilled. Through an acquired (or inherited?) reflex, the FSN identifies with the nation and consequently expects unlimited acceptance.

Adrian Severin, balanced and reasonable on so many occasions, has identified himself with the great figures in Romanian history, and in an fit of megalomania has pathetically used the words of I.C. Bratianu: "I am not concerned about the stones that are hurled against me, but about the stone carved on my tomb." All things considered, we should be able to understand Mr. Severin, because the Privatization Law project is a matter of life or death for the present government.

### Reasons for Prime Minister Greguric's Appointment

91BA1018B Zagreb DANAS in Serbo-Croatian  
6 Aug 91 pp 16-17

[Article by Darko Pavicic: "Success on the Third Try"]

[Text] No one any longer even remembers Stipe Mesic, president of the SFRY Presidency, as the first Croatian prime minister, and it was clear to everyone that Josip Manolic was not born to be prime minister and that his role in that position as Croatian prime minister was only temporary. The former UDB [State Security Administration] colonel even knew it himself, and does not seem ever to have even tried to give the impression of a great prime minister who ought to go down in recent Croatian history. Everyone knew that Prime Minister Manolic had no particular understanding of the economic development of the future Croatian state, and for his part he did not tire himself out excessively with economic matters, but carefully performed the tasks assigned him in Tudjman's staff to achieve Croatian independence and sovereignty. And while he was doing that effectively, Dr. Franjo Greguric, a man obviously allocated to Manolic as someone to rely on for everything that had to do with the economy and planning in the Croatian future, crawled out of his military overcoat.

There were many inveterately malicious people at the time who saw Dr. Franjo Greguric's advancement to the position of deputy prime minister as having to do with the purchase of arms for the future Croatian Army, the famous kalashnikovs imported into Croatia by "Astra" of Zagreb, which was headed by Greguric. Nevertheless, the last session of the Croatian Assembly confirmed that much more confidence is placed in Greguric than mere rewards for a job well done. Dr. Franjo Greguric is perhaps not the most ideal solution for all of Croatia's problems, but he is certainly the man who is closest to the whole thing, and there are no problems whatsoever in entrusting him with what was voted through in the Assembly as the first Croatian government of democratic unity. And this is what makes Greguric a Croatian prime minister in the full sense of the word, by contrast with the previous ones, Mesic and Manolic, who were presiding over an HDZ [Croatian Democratic Community] discussion group, and their decisions were identical to those of the president of the republic, the Supreme Council, which was superior to them, and then it was all repeated in the Crisis Center and thus round and round forever.

Franjo Greguric thus becomes the first Croatian prime minister, because (by force of circumstance) he is surrounded by ministers with differing backgrounds, who have Croatia's interest at heart, but not necessarily as seen through the eyes of the HDZ. The military situation in which Croatia found itself was like a cold shower for everyone. All of a sudden people said out loud that Croatia has an Assembly which does not meet when it is most necessary, that Croatia has a government that is not

able to do anything when Croatia is burning on all sides, and that the door is practically wide open to regional snipers and lobbies. In the very first meeting of the new Croatian government, we can expect, as Prime Minister Greguric announced in the session, a "merger" of the Crisis Center with the government and, undoubtedly most important at this moment, a general outline for defense of the homeland. "The problem is not one of a lack of arms, but of poor organization of defense. The front has to be urgently reinforced with personnel and a new organization," Greguric said. And this will actually be the greatest contribution of the new prime minister, who has anything but war in his background. After all, if by organizing his portfolios he can show the ability to halt aggression on Croatia (and hopefully drive it back), Greguric will be able to carry out everything he has in mind.

Who is Dr. Franjo Greguric, exactly what did he offer the Assembly to elect him, and why is there no one else? Aside from vague words about democracy and freedom from the individual to the state, Greguric's program is not much in evidence. As he said in the session of the Assembly, the representatives had received everything in writing, and he would speak only briefly about this. We are a long way, for example, from British parliamentary life in which it was clear to everyone that Mrs. Thatcher was leaving because of resistance to European integration and that the present British prime minister had gained on precisely that point.

Thus, we can conclude from what Greguric had to say in the Assembly that the economy will be based on an independent macroeconomic policy and that restructuring and privatization of property will be the "foundations for resolving all problems." In politics, the Ministries of Defense and Internal Affairs will be strengthened, and territorial defense will be updated following the Slovenian model, and the economy will also adapt to wartime conditions. Greguric thus announced suspension of the free market in crisis areas, and if the conflicts spread, a crisis program takes effect. The new Croatian prime minister did not explain to anyone what that meant. He said that "the transition has been made from a passive to an active policy," and again that is comprehensible only to him alone. Actually, many things are once again related to a small group of people in the top Croatian leadership; many of these things are being treated like state secrets.

That strange phenomenon of Croatian politics was also experienced by the new prime minister, who had huge problems even in naming the members of his own government. While people were dying on Croatian battlefields, a bitter struggle was being waged behind closed doors for ministerial portfolios, and this was far even from the eyes of a majority of the deputies in the Assembly. Thus, reports "from reliable sources" would arrive from time to time to the effect that Vladimir Secs was proclaimed defense minister and Ivan Milas minister of internal affairs, telling even the superficial observer that this was a triumph of the "hard line"

within the HDZ and that there was almost no prospect of a peaceful solution of the crisis. It was just like back in the times of the strongest communism when people would spend days and nights in front of the television set anxious about which faction in the party would win out and what direction would be given to their future lives. Except that today when the party fights are being waged, people are dying at the other end of the homeland. That is probably the way it will be until the (post)war communist generations die off and these communist habits with them.

The new Croatian prime minister is a real example of a good comrade: He has stepped on every rung of the ladder required for every progressive communist candidate for an enterprise directorship, so that it should be no wonder to anyone that he has today become the prime minister. His communist biography no doubt read something like this: Born in 1939 in Zlatar Bistrica in a poor worker family in the Zagorje, graduated from the School of Engineering at Zagreb University, where he also obtained his doctorate, worked in "Radonja" in Sisak first as chief of production and then as technological director, and then later he moved to "Chromos," where again he was chief of production, technological director, and president of the SOUR [complex organization of associated labor]. Later, he was president of the Zagreb Economic Chamber, general director of "Astra," and finally, deputy prime minister and now prime minister. The Zelenjak Affair, in which the present prime minister was one of the main participants, is probably not in his biography even today.

The new Croatian prime minister thus even to this day has retained a style of speech typical of a former communist director, and as deputy prime minister he answered in this fashion a question about transformation of the Croatian economy: "We foresaw a change in property relations as a precondition of economic stabilization. That road cannot be traveled by adopting a decree and merely adopting a law on transformation of ownership, but primarily in people's minds it is necessary to create the habits and obligations of having to work and behave differently, of there no longer being anyone who is moving money from someone else's pocket to meet the needs of those who are not contributing enough because they are either careless or inept." All of this is being said by a man who in the previous system was an enterprise director and fought for a place on the market.

We should not expect from him radical changes of direction in the monetary policy: "Printing our own money is the easiest thing in the world," Greguric says, "but that is not enough. It is not true that we have our own bank notes in the treasury, but we do have our own solutions prepared, the simplest way of solving the problem of our humiliating position in credit and monetary policy is for us to build our own system." At the same time, however, he would say that there would no longer be any payments into the fund for the underdeveloped, and that we should wait for the balance sheet of

the division at the level of Yugoslavia in order to know exactly how long Croatia's recovery could take. This is a man, then, who does not intend to make hasty moves, the kind a new government is so apt to make, but will gradually take part in burying the Federation and everything that has taken money away from Croatia for decades and sent it to unknown and invisible parts. And had it not been for the war, one of Greguric's statements (made when he was still deputy prime minister) might have been allowed to pass: "The year 1991 is a year of stabilization and creation of conditions for a new spurt and economic expansion in 1992 and following years. We know what we want, we have assessed our capabilities, and we cannot offer milk and honey in 1991, but a great deal of work."

What can be said of Greguric with certainty is that he understands economics better than his predecessor and one has to believe that in the new makeup of the Croatian government he will be more a helmsman than a driving wheel. That is, he will be able to do this because of the multiparty composition of the government, whose meetings certainly will not look like those to which we have been accustomed for years.

They say of this Croatian government that it is well made and could overcome a sizable portion of the difficulties it faces. Aside from the war, the most important difficulties are diminishing the influence of people and institutions that has gotten out of all control (the Agency for Restructuring and Development), paragovernmental formations (the Crisis Center, the Supreme State Council), or indeed individual groups. The government will in that way give a new life to the Assembly, which up to now has served only as a backdrop for advancement of individual political views. If it is not excessively influenced from outside, perhaps it could take a sizable portion of the frantic Croatian momentum into its own hands and restrain it. At the same time, it is clear that Dr. Franjo Greguric still has behind him the strongest people in the republic, so that Greguric's success would also mean still greater influence for them.

However, it is difficult to see the rationale behind electing Dr. Franjo Greguric rather than someone else to be the new prime minister. But because most things occur as though they had nothing to do with the public, the only thing on which we can rely in Croatia is that success can be expected on the third try.

### **Tomac Views New Croatian Government**

*91BA1018A Zagreb DANAS in Serbo-Croatian  
6 Aug 91 pp 13-14*

[Interview with Dr. Zdravko Tomac, vice president of the Democratic Reform Party and Croatian deputy prime minister, by Marinko Culic; place and date not given: "Why I Joined the Government"]

[Text] The Democratic Reform Party [SDP] wavered over joining Croatia's first coalition government, but then in the end it agreed. What was decisive in changing

the decision? we asked Dr. Zdravko Tomac, vice president of the SDP and new deputy prime minister of Croatia.

[Tomac] As the crisis became more acute, and as the war spread and the attack on Croatia spread, President Racan and I proposed setting up a government similar to the present one in order to demonstrate the unity of all the parties. We felt the most important thing was to defend Croatia and its territorial integrity, to establish it as a democratic state that is in a difficult situation, and to call for all parties which have that in their program to rally round. We proposed that six months ago, but we said that the decision had to be made by the HDZ [Croatian Democratic Community]. Now that the situation has become extremely acute, there have been attempts to set up a government that would include representatives of the parties, but without a formal coalition. That would mean that it would continue to be the government of the ruling party, and, in view of the gravity of the situation, we were also ready to do that.

[Culic] But then the bargaining began over names, because the right wing of the HDZ was trying to insert some of its people on the list.

[Tomac] Yes, there was a conflict between the moderates and the rightwingers in the HDZ, and pressure to place in key posts people known on the basis of their behavior in the past who are inclined to react emotionally, to put in the mildest terms, and even to the drawing of swords. We said at that time that we would not consent to that and we put pressure on President Tudjman for a government of democratic unity to be formed, for all the parliamentary parties to sign an agreement, and for each of them to offer at least one representative for the government. I think that this is the greatest defeat so far for those who have been working on the inside to shake Croatia and divide it. For me, then, this conclusion of the parliamentary session is the most that could have been achieved. I believe that we have gotten up from our knees, that we know what we want, that we have established our strategy and achieved unity concerning this strategy, although there are those who will continue to try to disrupt that strategy. But we have created a government that will attempt to reestablish the rule of law even under the difficult conditions of warfare and to make all governmental functions, including defense, truly functions only of the state, and not of organizations belonging to political parties or other groups.

[Culic] What was decisive in avoiding what in the first two days seemed quite realistic, that we would get a right-wing government? Does the credit for that go to President Tudjman, or was the position of the opposition parties more decisive?

[Tomac] I personally think that the greatest credit goes to Ivica Racan, because he wrote that open letter to Tudjman in which he sought a coalition government, abolition of the Crisis Center and the Supreme State Council, that is, bringing the Crisis Center into the government,

and including in it representatives of all the parties. The Supreme State Council was also transformed into a presidential council and also included representatives of the parties, and the government was given powers so that it could take responsibility for the real situation in Croatia. He also called for an agreement to be signed on the participation of all parliamentary parties in the government, and for that agreement to state the conception and policy that would be the basis for the parties to participate in that government. The letter also contained demands which we knew would not be met for issues to be resolved by a consensus vote, which in my opinion was not realistic, because it would mean that any party could block the effort of the government, and at this point there is no time for lengthy debates. But on the other hand we rightfully insisted that rotten compromises not be made concerning the makeup of the government. This means that if this is a democratic unity government, and I emphasize the democratic part, then consent of all the parties must be reached concerning the makeup of the government. That accorded us the right not to accept certain arrangements which they tried to impose on the basis that otherwise the whole scheme would fall through.

[Culic] Have you been thinking about the risk you in the SDP and in the other opposition parties that have joined the government are taking in that now they are assuming some of the responsibility for the conduct of the business of the Croatian state? Are you aware of the danger that some of the responsibility will be placed on you, whereas the ruling party has been taking responsibility for policy up to this point?

[Tomac] There is truth in that, and if it were a normal situation it would make no sense at all to join such a government. But at least for a time we have to think of the interests of the republic rather than of the parties. And now, when we need to put our shoulder to the wheel, the parties were ready to do that. This also applies to the people who have joined the government in this difficult situation, and that will probably be even more serious, because they have actually taken the risk which you mention.

[Culic] Do you perceive this change of government as a fall of the previous government and indeed the downfall of an entire policy?

[Tomac] Well, because I am a member of the new government, it would not be proper for me to assess that as an ordinary citizen or as a professor. But I do not think that that is the most important question at this point. It is more important for people to realize that we have reached a point where we need to make a certain correction in policy both of the government and of other bodies. Those corrections certainly follow from the many mistakes, but much of it was simply produced by the situation and the environment. It is also a question of greater maturity, I would say, on the part of both the government and the opposition, because both were slow to realize that a different stance needed to be taken

toward the situation in which we found ourselves. That the time for peacetime life and peacetime behavior had expired and that now we need to organize the Republic of Croatia quite differently. This means that we must establish the law-governed state, because now there are numerous armed groups, and that not only on the terrorist side, but also on our own side, which even without a state of emergency are beginning to establish their authority in certain opstinas, villages, and regions. We cannot have all sorts of commanders of the people's guard or people's defense issuing papers to representatives so that they can attend sessions of the Croatian Assembly, as was now the case in Vukovar, nor can we have armed civilians searching dwellings, detaining citizens, and establishing their authority. This is the decisive moment for establishing a new situation in which the state will be the sole legal authority. If we allow the authority of armed groups, then we are actually working mostly against our own interest. If we introduce that kind of order, we have no chance of separating the terrorists from that segment of frightened and manipulated citizens of Serbian nationality who, when the moment comes when they must make a choice, simply do not have a choice. They are being pushed to commit themselves to "their own" side, although actually it is doing the most against their interest.

[Culic] The harshest criticism of President Tudjman that we have heard so far has crystallized in the course of this debate. Can this be seen as his first political defeat on his own Croatian terrain, and should we expect that he will adjust his policy, and in what direction?

[Tomac] I think that he has already adjusted by forming this government. He did a good job of it and he did this in the interest of Croatia. This is undoubtedly an important change of direction, and it is no wonder that he is now being attacked most by those who until yesterday gave him the most fervent support. Those who did not want to hear of any demand from the opposition either in the Croatian Assembly or in the Constitutional Commission or anywhere else have now turned their back on him.

[Culic] In that case, the opposition has proved to be even more loyal to him than his own party?

[Tomac] Yes, but do not forget that those same people in the HDZ did not want to listen to a single one of our criticisms to the effect that it is not in the interest of Croatia to upset the balance between the authority of the president and that of the Croatian Assembly. Nor did they want to be told that democratic procedure is essential and that the positions of the Parliament should be strengthened. Now they applaud most criticism of what they defended to the extreme until yesterday. At the same time, they are attacking Tudjman because he did not want to adopt a policy of global warfare. He had the boldness of a statesman to create a democratic coalition against those who, under a banner of the most Croatian policy, undertook to conduct a policy that is objectively against the citizens of Croatia. I think that this is a

decisive change in the direction of a free and sovereign Croatia. Croatia has supplied enough victims in its history, and in this situation a wise politician will find a strategy that signifies achievement of the goal with the fewest casualties. The main conflict in the Assembly was over that. And the outcome could have been quite different, because in the meantime the war escalated in eastern Slavonia, cruelly arousing in everyone a desire to oppose this with his "bare hands." In any case, Tudjman made certain moves whose effects will perhaps only now be felt. First of all, this is the offer to the Serbs of a new arrangement of Croat-Serb relations, which offers an opportunity for a majority of the Serbian population to set itself apart from the murderous policy being conducted by some of their political leaders. Certainly, by his refusal to give in to the great pressure to enter a global conflict he will lose some of the supporters who until yesterday were the most fervent, but in the long run he has a chance of regaining and consolidating his position on a democratic basis.

[Culic] What does it mean for your party to have two people in the government? Someone has said that you are the first ex-Communists in Eastern Europe who have managed to do that. Surely, the graffito in New Zagreb is not coming true already: "Come back, all is forgiven you"?

[Tomac] Yes, I like the graffito, but I would not be too optimistic. It is true, however, that the SDP has shown that it can respond to the challenges of the times. It has succeeded, because it became a Croatian party regardless of its past, not in that only Croats are in it, but in that it has shown that it has ceased to be a Yugoslav party by what it has done in sovereign Croatia. It has actually ceased to bind up its left-wing program with the Yugoslav idea, and has become a part of the Croatian left, in keeping with its best traditions. But it has remained a multinational party in spite of all attempts to break it up, because it has been solving the nationality question not for one people at the expense of others, but for all. The SDP has also shown that in this time of crisis it can be relied on not by military forces, not by Bolshevik forces with a Yugoslav orientation, nor by those who would like to take it back onto the "revolutionary" road. Thus, with these recent initiatives, i.e., by agreeing to share responsibility for the fate of Croatia, we have probably put an end to one period and begun another in which people will less and less associate us with the mistakes of the former party, and that creates conditions for us to quickly become a modern Social Democratic Party modeled after the European left.

#### **Self-Administered Parishes for Croatia Discussed**

*91BA1011A Zagreb VJESNIK (VJESNIK U SRIJEDU supplement) in Serbo-Croatian 7 Aug 91 p 8*

[Article by Ivan Gabelica: "Croatian Democratic Party: Indication From the Past"—first paragraph is VJESNIK introduction]

[Text] Aware that a literal implementation of the previous division into parishes in a single act would be nonfunctional and erroneous, we refer to the division of Croatia into parishes before World War I, so that it would serve as an indication.

The role of parishes and the criteria for their establishment are determined by article 131 of the Constitution of the Republic of Croatia. Under this article, parishes are units of local administration and self-administration. Therefore, aside from needs and interests of local significance, decisions are made in parishes about matters of Federal administration. In accordance with such a definition of the role of parishes, criteria are also determined for their establishment. A parish must be as close as possible to every man, so that it can fulfill the role for which it is intended as well as possible. But even here, again, one may not go to extremes and create parishes that are too small, since authority would be too costly in that case. It is necessary to achieve a balance between these two conflicting interests.

#### A Geographic, Economic, and Trading Whole

It is certainly essential that parishes represent a geographic, economic and trading whole, since only in this way will they fulfill their mission. An area that is not connected internally with good transportation routes (roads, railroads) or is separated by impassable mountains and hills, or mountains and hills that are difficult to pass, could not constitute the area of a parish although it might be close to the seat of that parish. Parishes are also important and they train people. Parishes or similar bodies are not being founded for the first time on Croatian Federal territory. A parish is an ancient Croatian institution, and certain places have a tradition as seats of parishes. The activities and movements of a population in satisfying their everyday interests are oriented to these places. Therefore, when a parish is established, the historical moment must be taken into account, since certain areas have been verified through hundreds of years of tradition as suitable for the organization of a parish. Therefore, each parish must fulfill geopolitical and historical criteria. These are the only elements that may be decided on in the establishment of a parish. A similar stand is also taken by the Constitution of the Republic of Croatia in Article 131, according to which parishes must be "the expression of historical, trading, and economic factors, and must be capable of being natural, self-administrative wholes within the framework of the republic."

Before its entrance into Yugoslavia, Croatia had a relatively good administration and was divided into parishes. Although everything worsened in Yugoslavia as a consequence of all types of experimenting with the Croatian people, the administrative divisions coincided in essence with the area of these parishes. This strengthens our conviction that the division into parishes was in order and functioned, so it is necessary to proceed from that division with certain corrections,

especially as regards the establishment of parishes with seats in Karlovac and Sisak.

#### A Division Prior to World War I

Aware that a literal implementation of the previous division into parishes in a single act would be nonfunctional and erroneous, we refer to the division of Croatia into parishes before World War I, so that it would serve as an indicator for today's Croatian legislator. We repeat: It is absolutely necessary to form parishes around Sisak and Karlovac, into which areas that gravitate to them would be placed:

1. Lika-Krbava Parish: Brinje, Gospic, Gracac, Korenica, Lapac Donji, Otocac, Perusic, Senj, Udbina. (We note that Senj is traditionally connected with this area.)

2. Modrus-Rijeka Parish: Crikvenica, Cabar, Delnice, Ogulin, Slunj, Susak, Vojnic, Vrbovsko. (Note: It would definitely be necessary now to separate Slunj and Vojnic and attach them to a parish with its seat in Karlovac.)

3. Zagreb Parish: Dugo Selo, Dvor, Glina, Gorica Velika, Jaska, Karlovac, Kostajnica, Petrinja, Pisarovina, Samobor, Sisak, Stubica, Sveti Ivan Zelina, Vrginmost, Zagreb.

From this parish, we would attach to the Karlovac Parish: Jaska, Karlovac, Vrginmost and the current district of Ozalj, or the populace of that district in which Pisarovina is also included today would have to decide on Jaska.

Karlovac Parish should include: Dvor, Glina, Hrvatska Kostajnica, Petrinja and Sisak.

4. Varazdin Parish: Ivanec, Klanjec, Krapina, Ludbreg, Novi Marof, Pregrada, Varazdin and Zlatar. (Note: Cakovec would now also belong there.)

5. Bjelovar-Krizevci Parish: Bjelovar, Cazma, Garesnica, Durdevac, Grubisno Polje, Krizevci, Kutina.

6. Pozega Parish: Brod na Savi, Daruvar, Gradiska Nova, Novska, Pakrac and Pozega. (Note: Perhaps it would be appropriate to attach Novska to Sisak Parish.)

7. Virovitica Parish: Dakovo, Mihonjac Donji, Nasice, Osijek, Slatina and Virovitica. (Note: Beli Manastir should certainly become part of this parish.)

8. Srijem Parish: Ilok, Vinkovci, Vukovar and Zupanja. (Note: Districts in Srednji and Istocni Srijem, which were seized from Croatia in 1945 and attached to the Autonomous Province of Vojvodina as part of Serbia, were left out of this parish.)

9. Istra Parish: This would be a newly founded parish, which was not a part of Croatia before World War I, and all Istra districts would be included in it.



It would certainly be appropriate for the districts of Krk, Rab, Mali Losinj and Opatija to become part of Rijeka Parish.

10. In the area of present-day Dalmatia, it would certainly be necessary to form parishes around Dubrovnik, Split and Zadar, and to discuss the problem of Sibenik, as a village of the parish, and resolve it in a satisfactory manner.

We mention once again that it was not our intention to propose the division of Croatia into parishes but to call attention to previously existing solutions.

### **Krajisnik on Radical Options for Bosnia**

91BA1017A Zagreb DANAS in Serbo-Croatian  
6 Aug 91 pp 29-31

[Interview with Momcilo Krajisnik, president of the Bosnia-Herzegovina Assembly, by Dejan Jovic; place and date not given: "Yugoslavia or War"]

[Text] DANAS will begin in this issue a series of interviews with the presidents of the republic assemblies in Yugoslavia. The main topic of all these conversations will be the same—the national interest and parliamentarianism.

Momcilo Krajisnik, M.A., president of the Bosnia-Herzegovina Assembly, is the first person with whom we talked in this series, and the first question we put to him was specifically related to Bosnia-Herzegovina: That is, is there any political interest that all citizens and all nationalities in Bosnia-Herzegovina have in common, and is it possible at all to talk about a "general" or "national" interest?

[Krajisnik] I am afraid that today it would not be possible to speak about a general and common interest in Bosnia-Herzegovina, but rather about differences. The ethnic parties which were victorious in the elections are today differing greatly on all political issues, especially those that are most important. In Bosnia-Herzegovina today, there is more agreement between the Muslims and Croats on key issues. There are far fewer points of contact with the third nationality and the SDS [Serbian Democratic Party]. The number of positions held in common are few: perhaps only that we all want to solve the problems in a peaceful way. Perhaps we might also agree on another thing: that we all want Bosnia-Herzegovina to remain a separate political entity. But each of those three parties has something different in mind in saying that. For the SDS, for instance, this does not mean that Bosnia-Herzegovina needs to be a state. We do not recognize that position and do not seek that Bosnia-Herzegovina be a state, because for us the only state is Yugoslavia. But Bosnia-Herzegovina should remain a republic in Yugoslavia completely equal with all the other republics and independent in its decision-making. That is not the thinking of the other two ethnic parties: They want Bosnia to be a state, but they differ in the level of independence which they see for such a state.

Another thing that we might hold in common is our initial position—that all three nationalities have an equal right to decisionmaking concerning Bosnia and Herzegovina. But there are hardly any other common elements now. We nevertheless believe that there will be more of them when we begin to negotiate about the details of the political proposals.

[Jovic] Judging at least by the sessions of the Assembly, especially its last two sessions, the conflicts are growing among the three ethnic parties. The Serbian Democratic Party did not even participate in the last session. Do you think it might happen that this conflict might soon completely halt the functioning, say, of the republic Parliament?

[Krajisnik] I think that there are two blocs involved here: One is made up of the SDA [Democratic Action Party] and the HDZ [Croatian Democratic Community], which are demonstrating that they have similar interests, and the SDS is on the other side. The split is over those issues which are today the most important—the destiny of Bosnia-Herzegovina and nationality questions. Thus, one might agree with a minimal reservation that soon there might easily be a blockage of the Assembly's operation and then of all other institutions if they continue to insist on submitting unprepared proposals for the agenda of the Parliament. I am referring to the Democratic Action Party, which is doing most of this. In almost every session they carry out a putsch with some proposal of theirs. The SDS does not want to give in to that, and that is why there are important conflicts. In all of this, I have been making quite an effort to maintain the unity of the Assembly. But I tell you once again that this is the main issue: the kind of Bosnia we desire. If we were to agree on that, everything else would be easy to resolve.

Aside from that, if there existed a chamber of nationalities in the Assembly, then the responsibility of the Assembly would largely be transferred to that chamber, and such broad consensus would not have to be sought. This way, consent of all three parties on issues concerning the destiny of a particular nationality is inevitable. Without consensus, I repeat, decisions today are not desirable, nor can they be implemented.

[Jovic] Does this mean that you favor a kind of federalist principle for organizing Bosnia-Herzegovina, not only in the ethnic sense, but also in the regional sense?

[Krajisnik] What you are saying is that Bosnia should be a federation?

[Jovic] Yes. Because your proposal is for a chamber of nationalities to be organized and for the space of Bosnia-Herzegovina to be regionalized.

[Krajisnik] You see, it certainly would be necessary to have two chambers in the Parliament: a chamber of nationalities and a chamber of citizens. On that we all agree, but on the chamber of regions we do not have such a clear answer, much less consensus. The proposal of the

SDS was to organize regions in Bosnia-Herzegovina. The regional centers, that is, are becoming stronger and stronger, towns such as Tuzla, Zenica, Banja Luka, Mostar, and they all want a certain independence, especially economic independence. We wanted to decentralize the financial and economic power of the center, that is, of Sarajevo. That would certainly be a contribution to democratization of Bosnia. Aside from that, many political tensions would be diminished—there would be less suspicion of the central authority of its being unfair in the distribution of money, and that certainly would diminish ethnic tensions as well.

[Jovic] But the criticism and opposition has been very harsh. One statement was that regionalization leads to disintegration of Bosnia-Herzegovina.

[Krajisnik] This is the result of not understanding the initiative, but also of the fact that the status of Bosnia-Herzegovina is undefined. In any case, regions are allowed even under the present Constitution, and the process of forming associations of opstinas certainly is not one that could intensify disintegration. Exactly the opposite. But the regionalization of Bosnia, whether we want to acknowledge it or not, is already a fact. It is inevitable. Indeed, even the other two parties are not opposed in principle, but they present completely political conditions: They do not want these to be ethnically homogeneous regions, they do not want them connected, and so on. No one can deny that that kind of regionalization is in the interest of the people. But that criticism to the effect that regionalization has broken up Bosnia-Herzegovina has not been well thought out. Certainly, that would occur if those three parties were not defying common interests and if they could not go on collaborating. Then, certainly, the regions would also have political dimensions, but that would be only the consequences, not the causes of that state of affairs. Accordingly, the problem does not lie in the regions, but in the inability to reach agreement.

[Jovic] There certainly are "hard-line," radical currents in each of the leading parties. How do you assess the chances of those who do not favor an agreement, but an interethnic conflict?

[Krajisnik] That is a great danger for everyone. The longer the loggerhead situation persists, the greater the chances of the radicals in our parties. The concepts of those radicals are a sovereign Bosnia-Herzegovina, the annexation of Bosnia by Croatia or Serbia, and in general the partitioning of Bosnia. The SDA bears the greatest responsibility and blame for that indecisiveness which is holding us all back. An attempt is being made in that party to create a position from which the Muslim people would only be that little piece of tongue that tips the scale. This has brought about a heating up of desires for those maximalist options in the other two nationalities: in the Croat nationality for an independent state of Croatia that would include Bosnian territories, and in the Serbian nationality for an expanded Serbia. The leadership of the Democratic Action Party bears the

greatest responsibility for this. Yesterday it came out for federation, today for confederation, tomorrow for a dual community, the day after for a tripartite community, and so on. These fluctuations in the positions of its most distinguished people are blocking everything. And this has cost Bosnia-Herzegovina its positions in Yugoslavia.

[Jovic] You have been speaking the whole time about the three ethnic parties as of representatives of the three main nationalities in Bosnia-Herzegovina. Do you believe that even today the results of possible elections would confirm that position for the SDA, the SDS, and the HDZ?

[Krajisnik] That is difficult to forecast. But for the Serbian Democratic Party, of which I am a member, I am certain that the number of members and supporters has only increased since the election. The difficult situation in which the Serbian people has found itself has had the result that even those who were wavering have joined our party. That is also the consequence of the move which the SDS has made toward the center, that is, the elimination of the party's right wing, which was the most inclined toward the Serbian Renewal Movement [SPO]. That is why some of the influential and prestigious people on the left, Serbs from Bosnia-Herzegovina, even those who were committed Communists, have come to the party and express a deep commitment. I do not see any other party today that would represent more Serbs than the SDS.

[Jovic] In talks with several people very familiar with the situation in Bosnia, we have obtained differing assessments of the future of the Socialist Democratic Party, the former Communists. Some have said that that party has a future precisely because of people's disappointment throughout the country. People, they say, are nostalgic for the "good old times," when there was no war and not so much misery. Others oppose this, saying that that party has no chance whatsoever of returning to power. Which of them are more right?

[Krajisnik] The latter. It is true that there are some people who say that it used to be good, that we lived in peace, and that there was no war. But there are also those who remember the lack of freedom, torture by the police, and the one-dimensional thinking. Moral and political fitness nearly divided people into two different races: the members of the LCY [League of Communists of Yugoslavia] and the others. That is another reason by the SDP [Social Democratic Party] has no real chance at all. Many members of that party have turned completely to the ethnic parties. What is more, they do not have a political program, but are constantly attempting to turn the people back and fight for ideas which have obviously been left behind by the entire world.

[Jovic] Now that we are talking about that remembrance of the past, have recent times of life without conflict over politics and nationalities been forgotten today? How is it that in just a year there has been such a turnover that there are already threats of armed showdowns.

[Krajsnik] The most precise definition of what is happening among people of differing nationalities today is mistrust. I do not think that hatred exists. But if—God help us—there should be the first victims of that mistrust, it would be very grave, and probably would grow into hatred among the nationalities and individuals. The situation in Bosnia, that is, is somewhat different from the situation between the Serbs and Croats in Croatia. Mistrust has been planted here from several sources: One of our nationalities has intimidated another, or self-styled leaders have frightened their own nationality by reference to others, and then frightened other nationalities with the strength of their own nationality. And then the nonethnic parties frightened the people referring to the ethnic parties. This has been counterproductive. That propaganda during the election campaign created a terrible ethnic homogenization before the election, and we were the ones to gain by it. And now every nationality feels threatened by this or that other nationality. And the threats from outside, from the other republics, make the situation essentially more difficult. Statements to the effect that Bosnia will be divided or will not be divided create fear here and then mistrust as well. It is a pity that the nationalities follow their leaders so blindly when the latter find nothing good in the other nationality and are suspicious toward everything that comes from that direction. Suspense is constantly being fabricated in Bosnia. I think that an agreement concerning Bosnia, concerning its future, is the only way. If we should manage to agree on the key points of that agreement, we would dissipate the mistrust in the people—just like an iceberg melts in the sun. I think that people would feel a great relief if this occurred. They all want peace, they all want to live together, none of them wants to be the boss of another nationality, but today the circumstances are such that many of those desires are displaced because of suspicion and mistrust.

[Jovic] Let us go back to negotiations. What option for a future Bosnia do you advocate, and what would that historic agreement look like when the interests—at least from what we see in public—are so conflicting?

[Krajsnik] I can tell you what the desires of the various parties are and what is possible. The desires of the Croatian Democratic Community are for Bosnia to be a sovereign and independent state in a confederation with Croatia and Slovenia....

[Jovic] In the present borders?

[Krajsnik] In the present borders, except that it would be separate from Serbia, that is the main point. In my opinion, the HDZ does not advocate a completely independent Bosnia-Herzegovina, but wants it to become a state in the sphere of interest of the Western part of the present Yugoslavia. The SDA, that is, the Muslim people, also wants a sovereign state of Bosnia-Herzegovina, but as independent as possible from Croatia and Serbia. In actuality, their goal is for the Muslim people in that state to obtain its own state with the others who have the right to live here. The desire is

for it to be a republic of all the citizens, and because it is estimated that in 10 years Muslims will comprise 51 percent in Bosnia because of the birth rate, power would actually be in the hands of the Muslims, just as is the case with the Croats in Croatia, the Serbs in Serbia....

[Jovic] But what is realistically possible today so that no one is left dissatisfied even if everyone is not altogether satisfied?

[Krajsnik] Bosnia-Herzegovina's detachment as an independent and sovereign state is not possible without consent of the Serbian people. The Serbs in Bosnia are seeking nothing other than the status Bosnia-Herzegovina has now: a republic in the Yugoslav federation. In that context, statements to the effect that the SDS is breaking up Bosnia are entirely mistaken; the opposite is true, it is protecting its present position. Everywhere in the world the status quo is a solution unless agreement can be reached. That is the only thing possible. Legally, without war, neither the SDA nor the HDZ can realize their interests, because the SDS, once the new state is formed—Bosnia-Herzegovina—will not agree. That is why only two options are possible: Either some kind of modified relationship within the framework of one state, Yugoslavia, to which the SDS agrees, or—and this is something we would not want at all—unrest on a major scale and an attempt to change the situation by force.

[Jovic] But is there any way at all, then, of finding a solution, because agreement cannot be reached? Is there a way of legally realizing the aspirations of the majority in Slovenia or in Croatia to separate from Yugoslavia legally, without war, and, accordingly, for a decision to be made legally (for example, by a referendum) in Bosnia-Herzegovina concerning the destiny of the republic and of Yugoslavia?

[Krajsnik] In a legal manner, constitutionally, there is no possibility of the SDA or the HDZ taking Bosnia-Herzegovina out of Yugoslavia against the will of the Serbian people in Bosnia-Herzegovina. Even Slovenia did this illegally, because under the Constitution consent should have been sought. But let us leave that to one side. The situation for Bosnia is far more complicated: a third nationality cannot be taken out of Yugoslavia. The great majority of the Serbian people opposes this. The only thing that is possible, then, is to attempt to organize a referendum to see what the various nationalities think about this. But the Serbian nationality has no need for such a referendum, and it has the right not to participate in it. Let those who are seeking such solutions boycott the referendum.

[Jovic] Let us suppose that things become more aggravated, that a referendum is organized, and the Serbian nationality boycotts it. The price of that decision—let us assume that a majority of the citizens, but not including the Serbs in Bosnia-Herzegovina, favor a sovereign Bosnia—would quite probably be war. Equal responsibility for it is certainly borne by all those who were

unable to make even a minimum concession in their demands. But then the SDS as well. Not alone, but it would also be responsible. If you face that kind of dilemma, what would you decide: concession or war?

[Krajsnik] First, I am certain that the Serbian nationality will not accept a referendum and will boycott it. Second, if people want a referendum and if they want to find a way to take Bosnia out of Yugoslavia, I am certain that Bosnia would be partitioned, and certain of its parts would be annexed to other republics: to Montenegro, Croatia, and Serbia. In any case, there would either be no Bosnia, or there would be war, or, in the extreme case, there might even be some other decisions made, but they would have no importance whatsoever, because they would not be carried out. In any case, a referendum is only an act of expression of will. But that kind of decision cannot be carried out in Bosnia-Herzegovina, not even by force.

[Jovic] What kind of state would you like? That is, where does the SDS belong on an ideological basis: among the liberal parties, the socialist, the conservative?

[Krajsnik] We are above all an ethnic party. The circumstances in which we arose and also the priority of the nationality question were behind that. Second, the SDS is a democratic party. The leaders who head that party follow the interests of their nationality. Perhaps it is not proper for me to say that, but that is not the case in the other parties: In them, the nationalities are more inclined to blindly follow their leaders. I guarantee you that neither Karadzic nor Koljevic nor I nor anyone could survive even a few days if we advocated political views opposed to the opinion of the Serbian nationality. We certainly have elements of conservatism, because we rely on the traditional elements of the Serbian people....

[Jovic] Are you referring here to the Orthodox factor as well?

[Krajsnik] Absolutely. In both the religious and the historical sense. The party has an important pillar of support here. Orthodoxy has become an equal factor with the ethnic factor, and that is one of the main driving forces for the SDS. But it is true that there are also other features: even social democratic elements. We even have ambitions of growing into a Social Democratic Party once we have performed our ethnic mission, which is today the most important. But at present the nationality question is the most important.

[Jovic] Would there be justification, then, for saying that the SDS of Bosnia-Herzegovina relies more on the Socialist Party of Serbia [SPS] than on the other parties in Serbia? I remember the debates conducted here over the statements that in certain situations the Serbs in Bosnia are represented by Slobodan Milosevic rather than Alija Izetbegovic.

[Krajsnik] The SDS has clearly said that Mr. Alija Izetbegovic has the mandate from the Serbian people if he advocates Yugoslavia, but that he does not have it if

and when he advocates an independent and sovereign state of Bosnia-Herzegovina instead of Yugoslavia. In any case, the Serbian people has been very disciplined on this question and has left open the opportunity for both presidents to defend its interests.

[Jovic] Could you rank the people who have the greatest influence on the Serbian people in Bosnia-Herzegovina today?

[Krajsnik] I think that today Slobodan Milosevic has the greatest reputation with the Serbian people in Bosnia-Herzegovina. Mr. Radovan Karadzic has slightly less influence. Mr. Milan Babic has the greatest influence among all the Serbian politicians in Croatia. At one time, Mr. Jovan Raskovic was in first place, but now—this is my assessment—especially in the Krajina part of Bosnia, the reputation of Mr. Babic is exceptional. He is fully accepted as a leader there. When it comes to other politicians, Mr. Vuk Draskovic had a high reputation during the election campaign. But his popularity has dropped off incredibly rapidly. Many people here blame him for having done quite a bit to disunify the Serbian people, and he also bears responsibility for the March demonstrations and casualties in Belgrade. Although I would not like to be misunderstood, I must say that Dr. Vojislav Seselj, above all because of completely unnecessary propaganda, which was counterproductive, has a certain and ever greater popularity with the Serbian people here. Nevertheless, it is far, far below that of the other people mentioned here.

[Jovic] The other day Vuk Draskovic presented his proposals for changing the borders of Bosnia-Herzegovina. Is there any possibility of his proposals being given serious consideration?

[Krajsnik] I deal very reluctantly with the proposals of the other Serbian parties which I consider opposite to the basic positions of the SDS. But such proposals could, as I have already said, be imposed if the agreement should be too long in coming and if extremism should become strengthened for that reason in each of the three nationalities in Bosnia-Herzegovina. That applies equally to all radical concepts.

[Jovic] Finally, what is Bogic Bogicevic's rating today with the SDS? Is the demand for his removal still outstanding, and is it possible?

[Krajsnik] It is possible in any case, but I think that Mr. Bogicevic is the representative of the former authority and therefore in an unenviable situation. On several occasions, all three ethnic parties and two on every occasion have opposed his views. But you want my private opinion, Mr. Bogicevic is not a bad politician, and I appreciate the fact that he has a vision of how to preserve the entirety of Bosnia-Herzegovina and Yugoslavia. I would not say that he has harmed or favored any nationality in Bosnia-Herzegovina. I think, then, that this is not a priority issue, because the SFRY Presidency is already in a difficult situation, and we in Bosnia would not want to complicate it further. I am in favor of Mr.

Bogicevic remaining in that post for the present. I could even praise him, because in many things he has shown himself to be a true Yugoslav. That is certainly the most essential thing.

### **Macedonian Vice President on Independence**

*91BA1015A Zagreb VJESNIK (VJESNIK U SRIJEDU supplement) in Serbo-Croatian 7 Aug 91 p 3*

[Interview with Ljupco Georgievski, vice president of the Republic of Macedonia and leader of the Macedonian ethnic party Internal Macedonian Revolutionary Organization-Democratic Party of Macedonian National Unity, by Dragan Djuric; place and date not given: "Ljupco Gerogievski: Dream About Balkan Confederation"]

[Text] [Djuric] There is a clear dispute in the Parliament over the manner of arriving at the Macedonian state. The VMRO-DPMNE [Internal Macedonian Revolutionary Organization-Democratic Party of Macedonian National Unity] proposes that independence be declared immediately and the appropriate constitutional documents enacted. All the other parties in the Parliament, on the other hand, feel that a referendum should first be called in which the citizens would express their will. How do you view that conflict?

[Georgievski] There would be no dispute if all the parties and all the politicians in the Macedonian Parliament have the will and the courage to create a Macedonian state. The essence of the dispute which has come to the surface arose from the fact that one group in the Macedonian Parliament, the VMRO-DPMNE group, is firmly advocating creation of a Macedonian state. At the same time, for example, that will is lacking in the Social Democratic Alliance, the reform forces. They have retreated, backed off, although they all said that they would not allow Macedonia to remain in a reduced Federation. We see that now their views have softened quite a bit. This is the essence of the conflict, which as a formal matter is supposedly being conducted because the reformists and the Communists are insisting that a referendum first be held and independence proclaimed only after that. The delegate group of the VMRO-DPMNE insists that the present Macedonian Constitution be respected where it envisages the possibility of the Macedonian Parliament being able to first make the decisions on independence, which will become final only when the people confirms them in a referendum. And this takes place automatically, because a referendum held before 25 June, before Slovenia and Croatia proclaimed independence, would have had different weight. Now, such a referendum has no place in Macedonia. At this point, we can state only whether we consent to remain in the framework of Serboslavia, that is, a reduced Federation, or not.

[Djuric] Nevertheless, Croatia and Slovenia did not adopt such decisions before the vote by the citizens.

[Georgievski] We do not intend to do anything without a referendum. However, under the present Macedonian Constitution provision is made for the process of becoming independent to proceed as I have described to you. So, first adopt the decisions in the Parliament, and then confirm them in a referendum.

[Djuric] Recently, there has been fierce criticism of the government coming from the VMRO-DPMNE, and even President Gligorov himself has not been spared. What is more, proposals have also been made as to the need to "bring down" Gligorov.

[Georgievski] As far as I know, I can say that there is great dissatisfaction in the VMRO-DPMNE. First of all, because of the way Macedonia has been preparing for events in Yugoslavia. Very important things are happening in Yugoslavia, and Macedonia seems not to want to realize this. It has turned into a voiceless observer waiting for some outcome which will follow from the game being played out by Slovenia, Croatia, and Serbia, and then, depending on how they agree, this will be imposed on Macedonia. This is a policy of persistent waiting, one that has always been present in Macedonia, and it has always had a disastrous effect on the Macedonian people and the Macedonian state itself. The dissatisfaction expressed toward the government and the authorities in general arises from this unwillingness and unpreparedness of the Macedonian state and also from the incomprehensible apathy, which is becoming its typical feature.

[Djuric] Your opponents, however, say that it is precisely the Macedonian policy conducted up to now, which they describe as neutrality, that has guaranteed peace in Macedonia and an affirmation on the international scene never recorded previously.

[Georgievski] As for neutrality, I myself am for neutrality. I was the first to call for Macedonia both to proclaim neutrality and also to proclaim its territory a demilitarized zone. However, something quite the opposite has been happening. Macedonia does not want to proclaim neutrality, but is still wavering at some kind of crossroads. I also feel that a large question mark hangs over the "purchasing" of international prestige. The new political team has not made a single official state visit outside Macedonia in the first six months, up to 25 June. They were always careful about what some republic might say. That is, Macedonia did not assume the right for itself which the other republics have assumed for themselves. That is why we cannot speak about any international "purchasing" of prestige. Now, as for Macedonia as an "oasis of peace," I think that that peace is also more apparent than real. Macedonia cannot be calm in a situation where thousands of soldiers and officers from Macedonia are in the hotbeds of crisis in Slovenia, Croatia, Bosnia.... It cannot be calm in a situation when various extremist parties in Serbia are issuing daily threats to the effect that Macedonia is Serbian territory. It cannot be calm, for example, when the Serbian state is more operative in Kumanovo than

the Macedonian state. It cannot be calm when certain generals are appointed commanders of the Skopje Military District overnight and then that same general becomes defense minister of the Republic of Serbia. The peace is more apparent than real, and its consequences will perhaps become evident at the most unsuitable moment.

[Djuric] Gligorov has made visits to Turkey and France, and a trip to the United States is being prepared. The Macedonian prime minister has been to Tirana, and he returned after successfully doing his job. Is this sufficient for international affirmation in your opinion?

[Georgievski] All those visits came after 25 June—after Slovenia and Croatia proclaimed independence, an event that found Macedonia a state fast asleep. A state which has not wanted to realize what will happen and what the consequences will be.

[Djuric] What is the involvement of Dr. Vasil Tupurkovski, member of the SFRY Presidency?

[Georgievski] His activity has in any case been constructive for the simple reason that he has been trying to bring about the conditions that constitute some kind of bridge among the quarreling parties. He must be given credit for trying to negotiate and arrive at an agreement. What bothers me is that his positions are based on the existence of Yugoslavia. Whereas all the other representatives in the Yugoslav Presidency are defending their own interests—Drnovsek those of Slovenia, Mesic those of Croatia, Jovic those of Serbia, Kostic those of Montenegro and Serbia—while only Macedonia is defending Yugoslav interests. Both in the internal and external domains. I think that it would be a good thing to insert a bit larger share of Macedonian interests.

[Djuric] How do you see his vote in favor of withdrawal of the Army from Slovenia?

[Georgievski] The withdrawal of the JNA [Yugoslav People's Army] from Slovenia and Macedonia's vote in favor of that withdrawal are for me, and I think also for the Macedonian people, a great mystery. Even the Macedonian Assembly still has taken no position on this issue. The question is this: Can someone who is fighting for Yugoslavia really not know the significance of the act of withdrawing the Army from Slovenia? Advocating the survival of Yugoslavia and the demand for withdrawal of the Army are two opposing positions. Tupurkovski said in his first statement that his vote was conditional, and that should also apply to Macedonia. However, nothing happened after that in Macedonia, no position was taken.

[Djuric] You think that at this point it would be advisable for the Army to be withdrawn from Macedonia as well? How do you look upon the proposals, which have been expressed even in the Parliament, that Macedonia also should establish its own national guard?

[Georgievski] I think that the JNA has ceased to be either "Yugoslav" or "people's," especially over the last year. This has escalated since Slovenia and now Croatia as well, where it has turned against the people. What is more, personnel changes in its ranks and the restationing of units are not very encouraging. Now the question of its withdrawal is being raised. I do not imagine that its withdrawal from the republics should follow the Slovenian pattern—that it take all its armament with it. After all, all the republics have invested in those resources over a period of 45 years. It would be a paradox if now all that were to be pulled out and to go to one republic. As for the formation of national guards, I think this still does not need to be done in Macedonia. Every opportunity should be taken advantage of to achieve this in a legal way. However, what I insist on is Macedonia's complete control over its territorial defense. Unfortunately, territorial defense is not at the moment under its control, and I feel that this unconstitutional situation should be changed as soon as possible.

[Djuric] People are warning that Macedonia is not in a comfortable position with respect to its immediate international environment.

[Georgievski] I do not underestimate the danger from neighbors and their appetites. Both Albania and Greece. If an attack on Macedonia should come from any state, that would mean war among the states in the Balkans, in Europe. I think that the greatest danger to Macedonia comes from the Republic of Serbia, because any blow it strikes can be interpreted as an internal Yugoslav problem, which is not to mention the Fifth Column that exists today in Macedonia, nor the Macedonians themselves who are helping them. As for our external neighbors, I believe that Macedonia can overcome the misunderstandings with a good diplomatic policy aimed at maintaining the balance in the Balkans, which is in everyone's interest. But Macedonia must launch that diplomatic effort, which up to now it has not done.

[Djuric] Official Serbian policy seems in the last year to have left Macedonia at peace.

[Georgievski] Not in the last year, but in the last few months, now that the crisis in Slovenia and Croatia has become more acute, certainly. I think that politics lies behind this. It is a question of tactics. I am completely convinced that once Slovenia is thrown out of Yugoslavia, and if they agree on what they want in Croatia and Bosnia, then Macedonia's turn will come.

[Djuric] A segment of Macedonian public accuses your party of being pro-Bulgarian. It is said that you would first proclaim independence and then would form an alliance with Bulgaria.

[Georgievski] The idea of the independence of the Macedonian state is older than similar ideas both in Croatia and Slovenia. Generations of Macedonians fought for that and did not give up that position. What appears to be pro-Bulgarian policy in the eyes of Serbian policy and history is another matter. It is simply a question of

propaganda. The idea of a Balkan confederation has existed for 100 years, and Macedonian politicians and revolutionaries have advocated it. A Balkan confederation might include all the Yugoslav states, which would form a Balkan alliance, including Albania, Greece, Bulgaria, and even Turkey if it should wish. And a united Balkans could be built on the principles of a united Europe. What is more, I feel that the solution for all the ethnic and intergovernmental problems of the Balkan countries lies precisely in that unification of the Balkans, whereupon borders between them would be taken down. Why is Serbia advocating federation? Because it wants the Serbian people to live in one state. I see no reason for us to be accused of working against the interests of the Macedonian people when we advocate a unified Balkans. In that case, both the Pirin portion of Macedonia in Bulgaria and the Aegean part in Greece would be part of that common state.

[Djuric] There have been no Albanians for more than a month in the Macedonian Parliament although they represent a sizable portion of Macedonia's population. Do you think that under those conditions, without an interethnic consensus with the Albanian parties, Macedonia could arrive at its statehood?

[Georgievski] For a long time now, the Macedonian state has not demonstrated in any way that it does not desire to live with the Albanians. The first interethnic conflicts came from the Albanian side when they formed their parties—the Democratic Prosperity Party [PDP] and the People's Democratic Party [NDP]—and also with their positions on the division of Macedonian sovereignty, especially those expressed during the election campaign. Later, their representatives entered Parliament, and the Macedonian parties on several occasions tried to arrive at solutions to the outstanding problems in a peaceful and democratic way. However, the fact is that recently the PDP and NDP have been operating from positions of an aggressive policy, demands for division of Macedonian sovereignty are clearly evident from their declarations; that is, they are demanding that Macedonia be a state of Albanians and Macedonians. On that assumption, they are demanding not only participation in setting up all the bodies of government, but they are also demanding that Macedonian and Albanian be the official languages in Macedonia. At this point, the Macedonian state is not allowing that; that is, it is just a question of the Albanian minority in Macedonia operating from positions of an aggressive policy, and it is difficult to talk under such conditions.

### **Army Withdrawal From Slovenia Causing Problems**

91BA0988A Ljubljana DELO in Slovene 27 Jul 91 p 3

[Unattributed article: "Army's Withdrawal From Slovenia Also Brings Officers and Their Families Several Social Difficulties"—first paragraph is DELO introduction]

[Excerpt] The Yugoslav People's Army [JA] is abandoning Slovenia with all of its equipment and movable goods; the soldiers will go into half-empty barracks in Bosnia-Herzegovina; what will happen to about 2,000 officers and civilians employed by the JA?; similar difficulties with the Soviet Army's withdrawal as well

Ljubljana, 26 Jul—At this time the Army is still gathering all the necessary information, but the initial estimates indicate that the SFRY Presidency's decision means, in addition to the withdrawal of military equipment and all other movable goods—down to the last chair in units' headquarters—the withdrawal of approximately 20,000 soldiers and 2,000 officers and civilians employed by the JA as well. The withdrawal or resettlement of the "live force," as soldiers are called in their vocabulary, is still the least of the problems in all of this. The soldiers, of course, will have to get into trucks or trains and move to new barracks. Since the Army has reduced the number of its permanent personnel in recent years, there ought to be enough room, in the officers' opinion, for them to resettle. In Bosnia-Herzegovina, to which the Ljubljana corps is supposed to withdraw, in accordance with the Presidency's decision, there are many barracks that are half or completely empty.

A much bigger problem is the withdrawal of the officer cadre and the civilians employed by the Army. They calculate that the withdrawal of 2,000 people in three months would cause social problems for 8,000-10,000 people. That, in fact, is the estimated number of family members of active military personnel in Slovenia. More than two-thirds of the officers and Army employees in Slovenia have entered mixed marriages and raised families. Their spouses are mostly Slovene by birth. That is precisely why it is unlikely that a majority of the family members of Army officers and others would decide on joint emigration from Slovenia. Even if they did make such a decision, their problems would not be any smaller. Bosnia-Herzegovina, for example, already has enough problems with unemployment, and thus the spouses' hopes that they could find employment in Bosnia-Herzegovina are minimal. At the same time, a decision on emigrating from Slovenia would also mean that the children of those families would have to interrupt their education and seek corresponding schools in other republics. It is also necessary to add to this the very diverse legal difficulties that arise with a decision on the emigration of entire families. Family members who were born in Slovenia or have permanent residence in Slovenia also have Slovene citizenship. They are afraid that if they transfer their permanent residence to another republic, and if Slovenia sooner or later institutes the status of an independent state, they will lose their citizenship. In that case, their possible return to Slovenia after retirement would be even more difficult.

If the family members of officers and civilians employed by the Army decide to remain in Slovenia, that will mean, first of all, separating families. From then on, the officers believe, everything is completely unclear. The least that can happen and that they are afraid of is that



their families will end up in the street—not immediately, but when Slovenia concludes an agreement with the Federation on the division of Federal property. Part of that property is the apartments owned by the Yugoslav Army. What will happen if the apartments in Slovenia, after the agreement, belong to Slovenia? Will Slovenia expel them from the apartments? “The so-called Army housing fund in Slovenia is part of Slovenia’s property,” Jelko Kacin thinks. Who will pay pensions to the retired military who live in Slovenia?

In the rush in which the Federal Presidency’s decision was adopted, all of these issues remained open. Also still open is the issue of how many officers will even be prepared to emigrate from Slovenia, and how many of them would rather take off their uniforms and turn in their military identification cards than do that. The officers in the Ljubljana corps are thus waiting tensely for an operational plan. It will let them know where in Bosnia-Herzegovina their unit is to be transferred. They will make their decisions about what to do after that. The most frequent compromise solution currently seems to be that the officers will leave themselves, wait in Yugoslavia for retirement, and then return to Slovenia. The problem is that recently many young officers whose retirement is still remote have come to live in Slovenia. None of them believes that the Army will return to Slovenia after the conclusion of a final agreement on the future of Yugoslavia. For them, the Yugoslav Army is leaving once and for all.

Actually, the constitutional law on implementing the constitutional document on the autonomy and independence of Slovenia did provide for all this, and in its own way was a magnanimous offer. Such offers from the Slovene side were completely unacceptable to the Army at that time, but now, obviously, the military leadership is also no longer thinking too much about all the aspects of the Army’s moving out of Slovenia. Instances have even been known in which at certain barracks all documents were taken away from officers when they decided to leave the Army. Many of them were also left without work identification papers, without documents on school and the level of education achieved, etc. In regard to this, it is necessary to know that not only active officers on Slovene territory are under pressure, but also those who left the Army during the war and risked everything!

What about employment of the officers who would like to leave the Army? Jelko Kacin says that there are several options. Such individuals can seek employment in civilian occupations that are related to their knowledge, since all those who have been in the Army have not only a military education, but also a technical education, medical, etc. In principle, such people should not have any problems with new employment. It is another question if someone wants to continue working in territorial defense or internal affairs organizations. According to Kacin, that depends on the needs of both institutions in the future, and retraining is also possible. In any case, it will be necessary to seek transitional solutions, “since the

divorce from the Army also has to presuppose such solutions. There are certain indemnity payments that should make it possible for individuals to survive their financial straits,” Jelko Kacin says. As far as the issue of military retirees is concerned, that depends upon an agreement with the Federal state.

“Two sides are always needed for an agreement. I would like to recall that at the time when I was in the Defense Ministry, we sent requests in writing on a number of occasions to the Federal Secretariat for National Defense to provide us data on the number of military retirees in Slovenia and decisions on their rights. We did not receive it then and we have not now, because they obviously consider it to mean an assumption of Federal authority,” says Kacin, who also pointed out that the Slovene budget, in the expenditures for the Army, provided for three expense items that were supposed to settle appropriately the range of social issues for civilian and military personnel in the Army. Namely, the budget has an item for salaries for officers and civilian personnel in the JA on Slovene territory, an item for military pensions, and disability and other compensations arising from rights based on previous associated labor in the Yugoslav People’s Army, and also provides funds for the support of Slovene citizens performing military service in the JA. [passage omitted]

#### [Box, p 3]

Colonel Jovan Miskov, who heads the political section in the Ljubljana corps, thinks that none of the JA’s officers would be willing to be employed by the emerging Slovene defense forces: “We never thought about the possibility that republic armies could exist in Yugoslavia, and could effectively resist an external enemy. The European Community is creating multinational armies, but here national armies are emerging that are only prepared to fight within Yugoslavia.” Miskov has lived and served in Slovenia for 25 years now. He is married and has two sons, who both attend Ljubljana schools. He was not able to tell us what he would decide.

#### Technology Imperiled by Cuts in Funds

91BA0980A Belgrade EKONOMSKA POLITIKA  
in Serbo-Croatian 29 Jul 91 pp 12-13

[Article by A. Damjanovic: “Technological Development: A Step Backward”—first paragraph is EKONOMSKA POLITIKA introduction]

[Text] An empty state treasury is putting the brakes on technological development. Almost complete abandonment of the EUREKA program. TEMPUS satisfied with the Yugoslav projects.

That the end of the existence of a government is near is clearly shown by the dying out of institutions at the Federal level, one of which is the Fund for the Support of Research and Technological Development. The Fund was formed in 1988 as a part of the system and the basis of scientific-technical policy. Its aim was to emphasize



fundamental and applied research, as well as scientific-technical cooperation between enterprises and institutions from the whole country, as well as the one most important for financing programs and projects, especially those that involve international cooperation. Now, problems of a financial nature seriously threaten the activities of the Fund. A reduction in budget allocations for these purposes has been observed from the very moment the Fund was established. And while the first two years were characterized by a relatively stable monetary flow—\$53 million and \$52 million, respectively—this sum decreased to only \$25 million in 1990. However, the most critical stage occurred this year, since in the first four months funds were completely unavailable to the recipients, and the budget was "short" by 56 percent compared to last year. Although it is known that carrying out such projects requires effective and stable financing, in order to prevent its interruption obligations from last year amounting to 120 million dinars, as well as 200 million dinars from the first half of this year, have not been met yet. A true picture of the minimal allocations for Yugoslav technological development shows a proposal of 1 billion dinars for this year, or 62 percent of total budget allocations; this is significantly less than the level of funds prescribed by law, or 15 percent of the total social product of the Yugoslav economy.

As the representatives of the Federal Secretariat for Development recently indicated at a press conference, it is a fact that the poor who live in this area are becoming poorer. At the moment when it seemed that domestic science was approaching world trends, the development of the internal political and economic situation took a "step backwards." This is best confirmed by the example of the EUREKA program, which Yugoslavia joined with four of its projects, but was forced to drop three of them because of the lack of funds. The EUREKA program, which includes 380 projects in which about 7.6 billion ECU's [European Currency Units] have been invested, bases its activities on the principles of development and utilization of the most modern technologies on the international scene, and on complete market orientation. Twenty partners—the member countries of the EEC, the EFTA [European Free Trade Association], and Turkey—participate in this program, but the door is also open to other countries that offer inventive projects. There were four Yugoslav proposals among the 20 projects offered by nonmember countries. But what the experts of the EUREKA program somehow foresaw when they defined their relationship with our country, occurred: Hypothetically speaking, Yugoslavia, with its research potential, could receive far greater support and significance in the EUREKA program, but it is first necessary to overcome the "impossibility and uncertainty of financing the beginning phase of participation by Yugoslav enterprises and institutions." As in the case of the SNTIJ, the system for scientific-technical information for which around 60 million dinars are lacking, and the BBGJ, the Yugoslav bank of plant genes for which it was necessary to secure an additional 20 million dinars, money also had the last word when it came to the EUREKA program. The three

very important ecological projects BIOMAR, EURO-TRAK and BIOMATERIJALI were abandoned, although the government could have done more in activating and including enterprises in this cooperation, especially since opportunities for the market realization of all the projects opened up.

Despite the massive financial problems with which Yugoslavia is faced, opportunities for new attempts at overcoming scientific and technological barriers are constantly appearing. The TEMPUS program, which the EEC launched with the aim of cofinancing projects that passed the selection process and conformed to standards on a world level, that are scientifically-technically relevant, and make possible the contribution of the results of research among scientific-technical systems, is particularly oriented toward the countries of Eastern Europe. The introduction of scientific-technical projects between the developed countries of Western Europe and countries that are opening up to dynamic market movements should make possible an increase in mobility, especially of human potential, and the prevention of intellectual isolation. The basic idea of this program can be condensed in the need for an increase in the quality of human potential as the sole driving force for all scientific and technological changes. Advancing the quality of higher education is the route utilized by TEMPUS.

The proposed Yugoslav projects were favorably received by EEC experts; this indicates the highly temporary nature with which domestic enterprises and scientific institutions displayed their own capabilities in international competition. Of the total number of 1,401 projects offered for consideration both by EEC countries and by the five ex-members of the East European bloc and Yugoslavia, the financing of 316 of them was approved, among which were 68 of our proposals, or about one-fifth of the number accepted. The high number—115—of requests by our experts to continue their education abroad also met with positive responses. The distribution of proposed projects by republic and province yielded standard results; Slovenia showed the most interest and invested the greatest effort, so that 22 of its projects were approved, while it is participating, together with other national enterprises and institutions, in a total of 50 projects. By number of projects approved, Serbia follows with 16 of its own and its participation in another 40 joint projects; in Croatia, these numbers are 15 and 39, in Vojvodina four and nine, in Macedonia three and five, and in Bosnia-Herzegovina two and four, while Montenegro prepared only one project, as did Kosovo, but the EEC commission rejected it.

Confirmation of the level achieved in the European scientific and technological standard is also found in the number of approved projects that come from EEC member countries. According to numerical indicators Yugoslavia stands much better than Great Britain, 30 of whose projects will be financed, the Netherlands with 24 such projects, Germany with 20, or Italy with 18, and comparisons with Greece and Portugal with only three approved projects can hardly be made. Strict selection by

the EEC commission made possible the passage of 11 proposals from Hungary and seven each from Poland and Czechoslovakia. However, about 6 million ECU's were approved for financing the Yugoslav projects, despite their great number; this is significantly less than Poland, for example, with 13.5 million ECU's, or Romania, with 10 million ECU's received. Nevertheless, the real reason for the possible uncertain financing of such a project lies in the fact that 50 percent of the total necessary funds must be secured by domestic enterprises and scientific-research institutes.

### Effects of Balance-of-Payments Deficit

91BA1016B Belgrade EKONOMSKA POLITIKA  
in Serbo-Croatian 5 Aug 91 pp 21-23

[Article by Vladimir Grlickov: "Monetary Policy: The Burden of the Messages"]

[Text] The country's monetary and payments-balance situation is getting worse and worse with each passing day. For that matter, nothing else could have been expected in these bad times of open political conflicts, wars, and threats of Yugoslavia's definitive dissolution. In any case, unfavorable monetary developments threaten to boost inflation even to the limit of 50 percent per month, while the payments deficit threatens to "push" the country, with its sovereign states, of course, into a collapse of illiquidity and a unilateral moratorium on all obligations abroad, accompanied by the disastrous consequences that could occur with a complete financial boycott by foreign countries, the blocking of accounts and property abroad, and an unprecedented decline of business activity, the standard of living, and supply to the market.

### A Balance of Payments Signifying Collapse

It is clear from everything which Bozo Marendic, member of the Federal Government, and Dusan Vlatkovic, governor of the National Bank of Yugoslavia [NBJ] presented in the joint session of three committees of the Parliament, that the deficit in the balance of payments is approaching the disastrous amount which could cause a complete evaporation of the country's foreign exchange reserves. It is obvious from the information given that there will be a payments deficit even in the third quarter of this year (\$600 million), which has never happened before. That is, there was always a surplus in this quarter (that has not always been the case with the annual balance), but there will be no surplus this year because the inflow of foreign exchange from tourism will not be forthcoming. There will not be the (average) \$2 billion, but only about \$250 million, and even that modest sum can be questioned because it is based on overoptimistic estimates.

That is not, of course, the only bad consequence of the balance of payments "resulting" from the political chaos and war in the country. We anticipate an outflow of foreign capital, that is, and repayment of credit in the

third quarter representing about \$400 million, which cannot at the moment be avoided because creditors are insisting on payment of obligations in the agreed amounts, because they do not want to offer this kind of Yugoslavia and its states any further radical easements of any kind. To be sure, it is possible that Yugoslavia will proclaim a unilateral moratorium on all foreign obligations, including those to states and international financial institutions (the latter, guaranteed by the state and the NBJ, have usually been excluded from moratoriums up to now). However, should there be a unilateral moratorium, there would be the danger of a complete foreign boycott and collapse of the domestic economy, the population.... That is why the Federal Government and the NBJ have decided that even in this kind of unfavorable situation they will make the agreed payments abroad out of foreign exchange reserves. Those will be the only interventions carried out from foreign exchange reserves up to the end of September, except that it is possible that a certain amount of foreign exchange may be used in bank accounts in the amount of \$200 million (the legal maximum has been reduced) in order to cover the most necessary imports.

In a more optimistic version, the foreign exchange reserves would decline to the end of September, but not below \$3.6 billion (\$2.8 billion in the NBJ and \$800 million in banks), which still affords the country preservation of some kind of credibility and reputation.

Certainly, if success is achieved and foreign exchange reserves are preserved, assuming termination of the military and political conflicts and "transition" to preoccupation with economic matters, this might be the basis for obtaining foreign financial support (negotiations with the IMF), which will be needed in an amount considerably greater than the originally estimated \$3 billion (\$2 billion of "new" credits and \$1 billion to reschedule outstanding credits). More help is needed because of the extensive damage the economy has suffered in recent months because of the escalation of military and political conflicts.

It is difficult to make an assessment as to whether this minimum program for preserving foreign exchange reserves, which is the only strategy that offers hope of salvation and survival, will be realized. In any case, optimism is befuddling the "hotheads" who see war as a way of realizing political ambitions and who see foreign exchange reserves as an opportunity to finance all that or to win political points by "looting" in support of narrow-minded national programs. There are indications that "illegal" foreign exchange reserves (foreign exchange in accounts abroad taken out of the country or never brought in) are being used for purposes of war (importation of arms); fortunately, the reference is not to the official accounts handled by the NBJ and the banks. At the same time, there is a danger that the official foreign exchange reserves which are in the banks (\$800 million) will evaporate; that is, the parcelized republic foreign exchange markets (with "free" formation of the exchange rate of the dinar) are an actual fact. There may

be pressures, then, for the banks to sell on those markets the foreign exchange reserves kept on behalf of Yugoslavia, to finance some sort of separate and sovereign "purposes." One altogether separate question is the manner in which the republics intend to furnish dinars to purchase these federal foreign exchange reserves being "divided up," without at the same time burglarizing and attacking the monetary system once again.

In any case, the danger of a payments-balance collapse and proclamation of a unilateral moratorium has not been avoided as yet. Bozo Marendic points out that even if it were avoided, the problem of the economic crisis would remain. According to him, even if the minimum financial support were obtained, that would signify a temporary postponement of collapse, but the crisis would persist until definitive adoption of what so far is the only program (an agreement of the government concerning the functioning of the joint state in the period of a three-month moratorium that would begin on the day the agreement is signed) and the move is made toward negotiations and an arrangement with the IMF, which alone can issue the ticket for obtaining broader support and access to foreign financial markets. There certainly is no need to spell out that an essential precondition of everything is the reestablishment of normal money flows on the Yugoslav market (this is particularly essential concerning the circulation of foreign exchange, because the flows that have been severed in this case only increase the pressure for imports and a larger deficit).

The most important things to success of this concept and reestablishment of relations with the IMF, viewed in strictly economic terms, are financial discipline and spending discipline. There are still cases of a real rise of personal incomes at a time when the social product is dropping 15 percent in real terms. And to know what the situation is with budget expenditures under these wartime conditions we do not need to look at the specific figures and facts to conclude that in this case the growth is "abnormal."

### Monetary Policy

The main sources of interference with the conduct of any kind of optimum monetary policy are to be found in all the budgets, and the Federal budget is merely the end result of the adverse situation. The budget is being "fed" with primary note issue, which also figures as a possible financier in the third quarter of this year in an amount of some 14 billion dinars. And that is bound up with optimistic estimates that there will not be a need for more resources, when it is not certain at all that the planned and regular revenues from customs duties will be forthcoming in the amount of 10 billion dinars. The Federal budget is a problem for monetary policy (since the beginning of the year, a period in which there have been only two primary note issues, the claims of the NBJ on the Federation have increased from 3.7 to 23 billion dinars), not only to make up "missing" revenues which the republics are withholding for themselves, so that the turnover tax is no longer mentioned at all as a source of

Federal revenue, but also because we are experiencing the phenomenon of a conventional budget deficit, above all when it comes to financing the JNA [Yugoslav People's Army]. The situation is further complicated by the fact that there are no prospects for primary note issue to be returned from the budget to the National Bank by the end of the year; this means that there will be no neutralization of its adverse inflationary effects, and there is the danger that this will be seen as unlawful financing of the budget (under present statutes, only short-term loans from note issue which are possible and must be repaid within the year).

One particular problem for monetary policy is the obligation imposed on it of covering foreign exchange savings in dinars. In this case, the fault lies not only in the fact that there is no money in the budget to cover the public debt of the Federation, but also that demands for withdrawal of savings exceed its capabilities, even if there were an ideal inflow of revenues. There are estimates to the effect that over 300 billion dinars will be needed to cover savings alone. The magnitude of this amount can be judged if it is compared to the minimal budget for this year, with no obligations for savings and other interventions in the economy, in the amount of 100 billion dinars, which are being realized in practice.

Under these circumstances, all monetary policy can do is to wait for the rate of withdrawal of savings from banks to drop off and remain at least at the level of 5 billion dinars per month, as was the case in June (cumulatively through June, 17 billion dinars in savings were withdrawn and covered). Unfortunately, that is not happening at present, and the drop-off noted in June was mainly the consequence of the banks being unable to satisfy the demands of foreign exchange savers by discharging their obligations just in dinars (at an unrealistic exchange rate). What is more, monetary policy cannot count on any kind of stoppage of foreign exchange transactions, because that kind of unilateral moratorium on relations with individuals could cut off flows of quality sources of resources, and there would be little prospect of restoring confidence in banks, national banks, and the states over the next 10 years.

All of this does not mean, of course, reconciling oneself to primary note issue as a permanent source of covering foreign exchange savings. It is clear, however, that for the moment there is nothing else left. To be sure, there is the government's idea of substituting real private property for the savings, housing, and economic units—or even of preserving its value as foreign exchange, but turning it into state securities, which would mean a long-term rescheduling of the debt. But all of this is still far from any kind of specific treatment. After all, no one is even giving this serious thought in view of the political events today. No one, for example, is thinking about what to do with foreign exchange savings if they achieve a sovereign state and transfer obligations on that basis from the Federal level.

### The Fate of Slovenia and Croatia

These two republics are temporarily excluded from the monetary system by decision of the Board of Governors of the National Bank of Yugoslavia, and their return to the system is conditional. That is, they must suspend their statutes whereby they "secede" from Yugoslavia's monetary system. There are two basic enactments in question: the Slovenian Law on the Banks, whereby that sovereign state for all practical purposes creates its own note-issuing institution (with a "transitional" use of the dinar), and the Croatian statute on nonenforcement of the Federal decision to protect the interests of Yugoslavia in the domains of monetary and foreign exchange policy. So far, Slovenia and Croatia have not vacated those "disassociating" enactments, except that Croatia says that in its case they never took effect because they had not been officially published, accompanied by the statement that the counterdecision of the Board of Governors temporarily preventing the use of primary note issue is essentially unconstitutional.

Nevertheless, it seems that things can be solved by a simultaneous display of goodwill. This means that those republics would vacate their "disassociating" enactments, and the Board of Governors would revoke its order excluding them from primary note issue. It is essential to mention that in this kind of situation it is not important who makes the first step toward restoration of confidence, so that Slovenia and Croatia should be allowed to use credits for liquidity just like all the other republics.... In this connection, the prohibition on use of note issue that applies to Slovenia and Croatia concerns only credits for liquidity, while cash and note issue for agriculture (the portion of the total of 10 billion dinars) can be used "normally." What is more, the exclusion from the monetary system does not imply taking authority away from the banks to perform foreign transactions, nor does it imply a blockade of foreign exchange accounts. And, perhaps more important, it does not mean that old credits made from primary note issue are withdrawn.... For all practical purposes, the prohibition pertains only to credits for liquidity, and among other things this solves the problem of foreign exchange savings. And on that basis, but also with the use of cash beyond the allowed Yugoslav limits, Slovenia and Croatia have made an "attack" in the amount of 10.8 billion dinars. This is an "attack" contrary to the decision on exclusion from the monetary system. The "attacks" would, of course, cease to be referred to as such if Slovenia and Croatia revoked their disassociating enactments and the Board of Governors revoked its countermeasure.

All of these stories about monetary policy, which indicate the adverse trends, line up in support of the conclusion that it is proinflationary in nature. Under these difficult political and wartime conditions, nothing else could have been expected, but it is absolutely necessary to see where the sources of inflation are located so that they can be eliminated in better times. In this context, of course, we should not overlook what is most relevant

concerning the disunited and unstable monetary policy. We are looking at the phenomenon of regional foreign exchange markets and also the phenomenon of multiple exchange rates. In practice, the dinar is being sold for foreign exchange only in direct transactions of the banks, and the exchange rate is being formed freely.

The observation that the monetary system has been destroyed is in no way "erased" by the fact that a realistic exchange rate is nevertheless being formed (considerably higher than the official rate, which is not being applied anywhere in view of the Yugoslav foreign exchange market). The realistic or unrealistic nature of the exchange rate is certainly worth thinking about if there is any intention at all of conducting a joint monetary policy and of staying within a unified monetary system. Of course, a realistic exchange rate of the dinar cannot in any way be examined in isolation from the overall measures and the program of reforms.

### Disruption of Economy by War Deplored

91BA1016A Belgrade EKONOMSKA POLITIKA  
in Serbo-Croatian 5 Aug 91 pp 10-11

[Article by M. Zlatić: "Devastation, but Why?"]

[Text] The situation in Yugoslav businesses still cannot be described today as a "wartime footing" or "wartime economy," but certainly the state is that of an economy at war, under wartime conditions, surrounded by war. The signs of a "wartime economy" date back an entire year, when the automatic rifle manufactured by "Gorenje" in Velenje was being promoted; it was not noticed, however, in the "little war" that took place in Slovenia in June. Mention has been made in recent months of small tanks, personnel carriers, and armored cars from unidentified shipyards in Croatia. (The little tank, it is said, was given the nickname "Tin," commemorating the anniversary of Tin Ujević, the poet. Ironically?) It was Sime Djodan, chairman of the State Council of the Governor of Croatia, at that time the republic defense minister, who made the first official announcement of the transition to a "war economy" in the middle of last month. A few days ago, there was a report "from unofficial sources" that certain factories in Croatia had begun "wartime production": "Rapid" in Virovitica, according to those sources, is making hand grenades and antipersonnel mines; "Tomo Vinković" in Bjelovar is making antitank chevaux-de-frise and hedgehogs; "OLT" in Osijek is making parts for mortars, while "Dilj," "Standard" in Osijek, and the Vinkovci ZTP [Railroad Transportation Enterprise] have "for days now" been making antitank obstacles.

At the same time the increasingly fierce blockades, and now even complete severing of the flow of commodities and money both in general Yugoslav space and also within the republics themselves and in relations with foreign countries, threaten to the foundation what we call normal, peacetime production. Of the 35 industrial branches and activities, only beverages (!) and electricity

have increased their production during the first half of this wartime year. The most telling example is to be found in the steel industry and the manufacturing based on it (the reader will find more on this in the article published in the section "Our Topics"), with the largest steel mill not only not increasing production toward its projected wartime capacity, but actually coming to a virtual halt under these "peacetime" conditions. This fact alone suggests the conclusion that the "wartime economy," regardless of the part of Yugoslavia one is talking about, has been conceived and organized with that same seriousness and professional competence that have been enjoyed for decades now by development of the peacetime economy.

Cicero, author of the saying given at the bottom of our title page, also wrote this more than 2,000 years ago: "Pecunia, nervus belli," which translates to "Money is the nerve of war." What kind of gains can any of the belligerents in Yugoslavia be thinking of?

Only a few facts are transparent to reflection about the goals of war, the plans, the strategies, and the possible performance of a "wartime economy" and of military operations in general. The first, the one that seems to us most important for assessing the optimality of both the goals of war and preparations for it (including the "war economy") and the conduct of military operations, is that all the belligerents are completely bound up with social ownership, which is to say state ownership, and, most precisely, party ownership (here, the multiparty aspect is merely a multirepublic aspect). The second is that the preparations for war (except for pure politics and the related "media war") lasted a very short time, no more than a year. The "best performer" in this respect was the "production of soldiers," because the number of unemployed young people has drastically increased over the last year. Some 1 and a half million unemployed persons have registered with employment security bureaus, and there are as many again in the 4,000 firms which are in bankruptcy. The third is that the areas threatened by war—the so-called crisis areas in Croatia and potential crisis areas in Bosnia-Herzegovina, Kosovo, and the Sandzak, with the exception of grain-growing Slavonia—are as a rule regions less favorable for economic development than the rest of Yugoslavia.

What is hidden below the surface of the publicly stated grounds for war, the national interests: an independent national state, national defense, the right of nations to self-determination...? It would seem that to a fair extent they have been behaving rationally in Slovenia by attempting to avoid the chaos of war, and also in Bosnia-Herzegovina and Macedonia, where they have been making every effort to preserve peace and Yugoslavia. There remain the Serbs and Croats, or Serbia and Croatia. Which is to say that there remain a number of unanswered questions. From what source will the war be financed; if domestic sources are counted on, it could be very fierce and very short, but... With what efficiency will the capital, both material and human, be used? From the standpoint of the proven (inefficiency of the entire

system that is in place, any ominous conclusion as to the impending devastation of economic tissue and human potential may, unfortunately, prove to be naive and understated.

### **Dramatic Situation of Montenegro Economy Described**

*91BA1019A Belgrade BORBA in Serbo-Croatian  
7 Aug 91 p 12*

[Article by D. Vukovic: "One Out of Every Four Expects To Be Laid Off"]

[Text] According to an assessment of the government of the Republic of Montenegro, the state of the economy is almost dramatic, and is said to be particularly grave in several quite large business entities, such as the Metal and Metallurgical Combine in Niksic, "Radoje Dakic," the Aluminum Combine, "Obod," and the Wool Combine in Bijelo Polje. Through June, production had fallen off 14.3 percent, visible exports were down almost 32 percent, and the situation in the liquidity sector is becoming more and more acute. The government mentions that one reason for the increased problem with liquidity is that obligations to Montenegro from the Federal budget have not been met, and they amounted to 1.646 billion dinars for the first six months of this year.

The dramatic nature of the situation is also indicated by the datum that up through 15 June bankruptcy proceedings had been instituted for 70 socially-owned business entities, and as of that date 299 business entities had had their revolving accounts blocked and had aggregate unpaid obligations amounting to 1.4 billion dinars. And when it is born in mind that nearly 60,000 workers are employed in those enterprises, that even now almost that number of unemployed are recorded in the republic, and that 25 percent of the employed labor force in the republic is technologically redundant, then it is frightening just to look at the wave which could come crashing down on Montenegro.

### **Without Someone Else's Aid**

In the face of this kind of picture and situation in its own backyard as well as the situation in the world around, in the last session of the Parliament the republic government presented to the deputies a program of measures to overcome the situation in the economy. The program was adopted after certain observations and reservations had been expressed, among them that of Dr. Radoje Kontic, republic deputy prime minister, to the effect that the announced macroeconomic policy of the FEC [Federal Executive Council] cannot be the basis for carrying out the government's program, because it abandons the reform orientation and anti-inflation orientation. One of the things the republic government is counting on is a rescheduling of obligations come due in the amount of about 1.5 billion dinars and a supply of new money from various funds, primary note issue, and sources referred to in the professional jargon as "legal obligations of the

Federation." It is also thought that money will be obtained when certain promising enterprises obtain credits abroad.

Vojo Djukanovic, minister for the economy who recently also became president of the Montenegrin Economic Chamber, is convinced that this republic has one essential advantage over others in Yugoslavia. The advantage is that almost all business enterprises have modern equipment and technology and an assured market. The aggravating circumstances on the road toward economic recovery which this minister sees include the fact that Montenegro has become accustomed to living in part on someone else's aid, not its own work, and also the fact that idlers and uncreative people have been holding back those with knowledge and a desire to work.

#### The Past as a Millstone

What the present government is trying to set in motion, an effort which the opposition considers not fast enough, is a process of restructuring the ownership, organization, and technology of the economy. Minister Djukanovic says that all the legal preconditions have been brought about for that undertaking, but that the main impediments are the mentality and legacy of the past. An example that can be given here is that the fundamental program for restructuring "Crnogorakop" in Danilovgrad did not win approval of the workers' council. In the opinion of Milutin Lalic, M.A., director of the Agency for Restructuring the Economy and Foreign Investments, the operative element here was an irrational fear that established relations in the collective would be disrupted and that the management structure would obtain excessive powers.

The agency headed by Lalic now has 23 programs in the final phase. Consultations are under way with another 88 business enterprises, and 15 American experts are working on restructuring programs in 16 collectives.

A contract has also been concluded with a French agency (FCTI), whose people are already working in the "Boris Kidric" Steel Mill, and beginning in September they will be in another 10 enterprises. One particularly interesting program which Lalic mentions will involve work with consulting teams from Japan who will have ties with "Radoje Dakic"; it is possible that a Japanese firm may invest capital in its development.

[Box, p 12]

#### Cooperation With Serbia

During talks between delegations of the economic chambers of Montenegro and Serbia (held 5 August in Titograd), great interest in expanding cooperation of business enterprises in the two republics was confirmed. The economy of the Republic of Serbia is showing a particular interest in expanding the production and assortment of products from the "Boris Kidric" Steel

Mill and the Aluminum Combine in order to replace goods acquired until recently in Croatia and Slovenia.

#### Competition Threatens Automobile Industry

91BA0980B Belgrade EKONOMSKA POLITIKA  
in Serbo-Croatian 29 Jul 91 pp 13-14

[Article by S. Petovic: "A New Right to Leadership"—first paragraph is EKONOMSKA POLITIKA introduction]

[Text] The Zastava's "empire" of uncertain connections. Strong competition from Slovenia. If the Zastava will be FIAT's aim in its Eastern strategy is still uncertain. VW: Modest investments.

Kragujevac planned to make 200,000 automobiles this year, but it is already known that this is impossible. Only 73 percent of the six-month plan was realized and, as the director of the Zastava production says, there are no chances to make up the shortfall. Key problems come from the increasingly unsteady connections in the production system encompassing the Zastava's basic plants, on the one hand—280 direct suppliers—and on the other, the fact that they are scattered throughout Yugoslavia and have at least twice as many of their own suppliers. The economic sector in which this army of enterprises operates has already been depressed for months: For example, while Kragujevac succeeded in maintaining 90 percent of planned production in the first quarter, drastic disturbances took place after that. Even if parts can somehow arrive in Kragujevac despite all the risks created by transportation through areas caught up in the war, mutual interactions are now threatened by a new problem: will deliveries be paid for. The problem of general illiquidity is becoming irrelevant considering the neurotic acts of this republic or that one, whereby enterprises learn most often from the press that local social accounting services have stopped all inter-republic payments. For now Kragujevac is informing its suppliers: We want to pay, if in no other way then by ceding our automobiles to selling organizations in all areas of Yugoslavia.

However, Kragujevac showed signs of weakness much earlier with full culmination last year when dramatic losses in its position on the national market occurred. Two years ago, Zastava claimed over 77 percent of the national market for passenger cars, but its share in total sales on Yugoslav territory fell to 51.5 percent last year. All this in a situation where Yugoslavia was one of the few countries in the world whose sales of passenger cars rose significantly (12 percent). Maintaining up to then an almost symbolic 2-3 percent of total sales in Yugoslavia, importers conquered almost one-fourth of the Yugoslav market overnight. Thus, 95,000 automobiles were imported and sold last year, compared to a few tens of thousands the previous year. Imports have also continued strongly this year: The value of these imports in the first six months reached \$617 million (compared to \$247 million in the first six months last year).

It can certainly not be denied that the powerful companies of the world (which are now appearing in Yugoslavia) took advantage of a surprising liberalism in foreign trade in order to compensate for a certain fall in demand on their traditional markets. But by the same token it cannot be proven that the oldest domestic producer of passenger cars has lost the race due to a price war, considering the real invasion of Japanese and Korean automobiles that are technically more superior and more competitive in cost. Kragujevac is maintaining a relatively high price level, but it is not in a position to produce. At this moment it owes 13,000 automobiles that are already paid for (some payments were even made in August of last year). An automobile that could immediately penetrate the sales network should not slip off the track. In the so-called unfinished production area, more than 5,000 automobiles are continually waiting. The joint sales company in Germany, where the Zastava auto has found numerous buyers, is currently waiting for over 4,000 vehicles that should already have been delivered to buyers there.

Kragujevac will also have to view its production and organizational weakness from the standpoint of increasingly aggressive domestic competition. Novo Mesto, or its REVOZ (a joint Renault and Motor Vehicle Plant firm), has long been a capable enterprise, and in its strong position is now embarking on the creation of a dealership and service network throughout all of Yugoslavia. At the beginning of this summer it transferred its commercial headquarters to Belgrade. The ambitions of this firm are huge: production of 75,000 automobiles this year and an increase in sales on the Yugoslav market. No lesser "danger" comes from Sarajevo. The local automobile factory has formally become an affiliate of Volkswagen, which at the beginning was satisfied with half ownership, but which has recently sent its director to Sarajevo with the task of creating managers out of the Sarajevo residents who, first of all, will have to speak English, attend business school, and work all 24 hours a day for the firm. Bernd Leissner, current director of the Sarajevo automobile factory, says: "We have already seen that from a technological standpoint we can find

completely satisfying cooperative partners in Yugoslavia who could produce parts for the whole VW system, but at the moment we are making very modest investments, and this must be explained through the prism of the political situation here." The fact is that of the 50 billion German marks [DM] that VW intends to invest over the next 10 years, for "now" only a symbolic sum has been earmarked for Yugoslavia: less than DM100 million over five years.

Can Zastava survive in an area that after the political conditions are put in order will also be equally interested in the world's largest automobile firms? And if it can survive, how will it do it? It was shown by the "Yugo America" project that it cannot do anything by itself. Indeed, the events at that time indicated that one must be very cautious in any plans for the future. The only real option, nevertheless, is FIAT. But what came out of the negotiations in Kragujevac and Turin can be summed up in one sentence: At the beginning of the coming year, a mixed firm should begin operating in Kragujevac where, from the local side, power trains would be produced in Kragujevac and engines would be produced in Rakovica. A few days ago the head of Zastava, Radoljub Micic, said: "I hope that we will complete talks with FIAT in the next few days; what I can say now is that the new solutions will certainly mean dramatic changes."

And people traditionally sent to do business with Zastava speak about talks with FIAT as the best kept secret. Here no one doubts that Kragujevac is not in some particularly favorable position either. But the way things now stand, something on which Kragujevac will particularly insist is the protection of the highest possible number of jobs. Perhaps even the protection of tens of thousands of jobs in the Zastava cooperative throughout Yugoslavia. Because FIAT will now be in a position to say who can, and who has no chance of working work for such a production system as this one is. Indeed, it is most certain that Kragujevac will not even be able to insist on its models; it would become only an affiliate of one of the world's most powerful automobile manufacturers that is definitely not abandoning the huge market areas of the former socialist camp again.



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